The Coca-Cola Company is the world's largest producer and distributor of syrups and concentrates for soft drinks. Of an estimated 21 billion gallons of soft drinks consumed worldwide in 1979, about 8 billion gallons — or more than 35 percent — were products developed by the Company and sold through about 1,500 bottlers and 4,000 fountain wholesalers around the world. Soft drink products currently generate about 76 percent of The Coca-Cola Company's consolidated net sales and 86 percent of operating income. Coca-Cola, which is consumed more than 200 million times daily in more than 135 countries around the globe, accounts for about 70 percent of the Company's unit sales volume of soft drinks.

Since the turn of the century, unit sales of soft drinks sold by the Company outside the United States have grown to be approximately 63 percent of the Company's total soft drink volume.

The Company's Foods Division produces and markets the top-selling Minute Maid brand of frozen concentrate and chilled juices, Maryland Club and Butter-Nut coffee and tea, and Hi-C fruit drinks and powdered drink mixes.

Wines are the fastest growing segment of the Company's domestic beverage business. Beginning with the acquisition of The Taylor Wine Company, Inc., in 1977, The Coca-Cola Company has merged quality New York and California vineyards and is the fifth largest wine producing and marketing organization in the United States.

Company subsidiaries also produce disposable plastic bags and cutlery; plastic straws; bottled water and water conditioning equipment for consumer use; and steam generators and water treatment equipment for industrial and marine use.

The Company employs about 18,000 people in the United States and about 20,600 overseas, most of whom are native to the countries in which they work. More than 123 million shares of common stock in The Coca-Cola Company are owned by more than 80,000 stockholders.

Contents

Cover: The Coca-Cola Company occupied in 1979 its new international headquarters building in Atlanta.

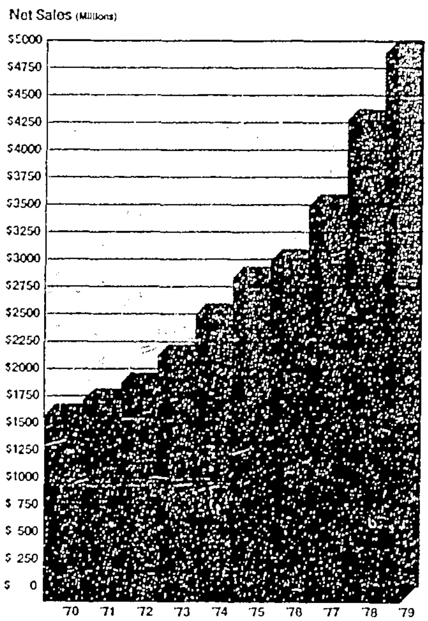
The Coca-Cola Company
310 North Avenue, N.W., Atlanta, Georgia 30313 404/898-2121
Mailing Address: P.O. Drawer 1734, Atlanta, Georgia 30301

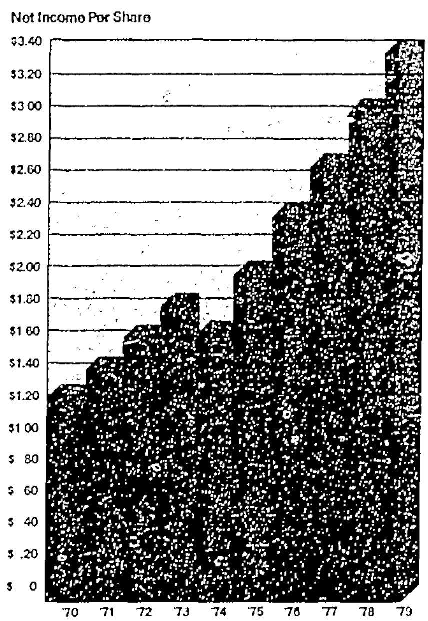
Financial Highlights

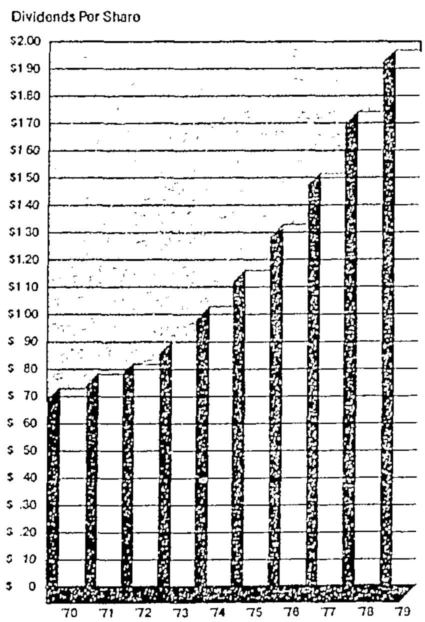
(In millions except per share data)

The Coca-Cola Company and Subsidiaries

YEAR ENDED DECEMBER 31,	1979	1978	% Change
Net sales	$4,961.4	$4,337.9	14.4%
Income before income taxes	$ 742.2	$ 691.4	7.3%
Net income	$ 420.1	$ 374.7	12.1%
Net income per share	$ 3.40	$ 3.03	12.2%
Dividends per share	$ 1.96	$ 1.74	12.6%
Stockholders' equity	$1,918.7	$1,739.6	10.3%
% Net income to net sales	8.5%	8.6%	
% Net income to stockholders' equity	21.9%	21.5%	







To Our Stockholders

The Coca-Cola Company, through its soft drink and diversified interests, expanded sales and income to record levels in 1979, and management is optimistic this trend can be continued in the future.

Net sales for 1979 increased 14 percent, to $4.96 billion from $4.34 billion a year ago. Net income rose 12 percent to $420 million, or $3.40 per share, from $375 million and $3.03 per share in 1978. A review of the 10-year summary table on page 26 shows that sales, income and dividends all have climbed fairly consistently at 12 to 13 percent annual rates over this period, continuing a trend established in the 1950s.

Most of the net sales and income growth achieved in 1979 resulted from record unit sales of soft drinks in the United States and our other major world markets and from volume gains in citrus, wine and plastic products as well. Combined sales of the Company's soft drink products worldwide increased 14 percent in 1979, and operating income rose eight percent over the prior year. Total sales from non-soft drink products increased 16 percent in 1979, and operating income rose 10 percent.

Unit sales of the Company's soft drinks in the United States were about five percent higher than a year ago, a greater growth rate than that of the industry.

Foreign soft drink unit sales for 1979 were also at record levels, and exceeded 1978 levels by more than 10 percent. They were led by strong gains in Latin America, Western Europe and Africa. Among the Company's largest foreign markets, Argentina, Brazil, Mexico and Spain all reported strong unit volume gains for the year, while Germany was up moderately. Unit volume in Japan was up only slightly due to bad weather during the key summer months. Unit volume in Canada was down slightly. Our 10 percent foreign unit growth in 1979 not only exceeded industry growth but also slightly exceeded our own compound annual growth rate of the whole decade of the 1970s.

The Foods Division in 1979 passed the $1 billion sales mark, scoring record sales and earnings in both its citrus and coffee lines. One-fourth of its revenues in 1979 came from products which have been introduced in the last three years, such as Minute Maid chilled juices and lemonade crystals and Hi-C powdered drink mixes. Minute Maid frozen and chilled citrus products and Hi-C ready-to-serve fruit drinks contributed most significantly to sales and income gains.

A 40 percent increase in unit sales of table wines marketed by The Wine Spectrum boosted overall unit sales volume of our wine products by more than 20 percent in 1979. Table wines, which now constitute about 60 percent of our product mix, are the fastest growing products of the domestic wine industry, averaging more than 10 percent annual growth since 1970. Our wine income declined in 1979 due to sharply increased marketing expenditures.

Sales and income from plastic consumer products continued to show strong growth. Aqua-Chem income was lower on a slight sales gain.

Pretax and operating income gains for the year were somewhat reduced by strong increases in marketing spending, particularly in the United States and in wine operations, designed to generate future volume growth. Our total media advertising spending for the year increased 27 percent over 1978. These effects were offset by a lower effective income tax rate in 1979, resulting in the full-year net income gain of 12 percent.

In January 1979, Coca-Cola returned to China after an absence of 30 years. Cans and bottles of Coca-Cola are now being shipped to the People's Republic of China, and agreements have been signed covering the technical aspects of building and operating a bottling plant in Peking. Ground was broken for the new plant in February 1980.

In the Middle East, we have reentered the markets of Egypt and North Yemen. In Egypt, the largest market in the Arab world, plans call for 10 plants with a capacity of 40 million cases of product annually.

An amended contract for many U.S. bottlers of Coca-Cola was implemented in January 1979 after many months of discussion with our bottlers. Basically, the amendment provides the Company with greater flexibility in syrup pricing. The bottlers receive, in turn, increased marketing support for Coca-Cola. At year-end 1979, bottlers representing about 70 percent of the Company's gallonage in the United States were operating under amended contracts, and we continue to show progress in amending outstanding contracts.

The Atlanta Coca-Cola Bottling Company was acquired in October 1979 for $65 million in cash after majority shareholders indicated a desire to sell their interests. The purchase was made because of this bottler's unique

position as the bottler of Coca-Cola in Atlanta—home of The Coca-Cola Company.

In November 1979, the Company purchased 1,825,000 shares of the Coca-Cola Bottling Company of New York, Inc., or 9.5 percent of the total outstanding, for about $15 million. The shares were purchased solely for investment purposes.

During the final months of 1979, the Company occupied its new international headquarters building in Atlanta, a project which has been in development for the past three years. In this 26-story building, the Company has consolidated most corporate functions, which were formerly housed in the much-smaller headquarters building and in leased space elsewhere in Atlanta.

We have previously commented on the status of the 1978 ruling by the Federal Trade Commission to restrict to refillable containers the territorial provisions of bottler contracts of The Coca-Cola Company and other soft drink companies. This ruling has been appealed and the case is before the United States Court of Appeals for the District of Columbia Circuit. The Court has not handed down its decision in this case, which has been ongoing for nine years.

At its November meeting, the Board of Directors elected James B. Williams to the Board. Mr. Williams is vice chairman of the Board, Trust Company of Georgia and chairman and president of Trust Company of Georgia Associates in Atlanta.

At the March 1980 meeting of the Board of Directors, the members of the Board elected James M. Sibley and William B. Turner to membership on the Board. At the same meeting, the Board announced the retirement of John A. Sibley and D. Abbott Turner from the Board after more than 70 years of combined service as Directors of the Company.

The Board of Directors, at its March 5, 1980, meeting, increased the quarterly dividend from 49 cents per share to 54 cents per share, equivalent to a full-year dividend in 1980 of $2.16 per share, or a 10.2 percent increase over the aggregate 1979 dividend. This is the 18th consecutive year the Directors have approved dividend increases.

In 1979, the Company recorded a record high 21.9 percent return on year-end stockholders' equity, up from 21.5 percent in 1978. The Company's cash and securities position at year-end 1979 was $209 million, significantly lower than 1978 due to previously mentioned

purchases, but still comparing favorably to the Company's total debt position of $139 million, which included long-term debt of $31 million.

As the Company moves into this new decade, we expect to continue the strong financial growth trends of the past. The Company is well positioned to grow through continued new product development, through packaging and marketing innovations, and through continued expansion of markets around the world.

We are excited about growth opportunities in every segment of the industries the Company serves, as described in this annual report of activities for 1979.

J. Paul Austin

J. Paul Austin
Chairman, Board of Directors and
Chief Executive Officer


Coke

Soft Drink Operations

Net sales of soft drinks in 1979 increased 14 percent to $3.76 billion from $3.31 billion in 1978. Operating income rose eight percent to $686 million, up from $633 million in 1978. Soft drinks in 1979 accounted for 76 percent of the Company's total net sales and 86 percent of total operating income.

Soft drink operations throughout the world continue to be the backbone of the Company's business. On a unit volume basis, about 63 percent of the sales of the Company's soft drink operations are in countries outside the United States and Puerto Rico. The product Coca-Cola comprises about 70 percent of worldwide volume. About 10 percent is sold to Company-owned bottlers with the remainder being sold to independent franchise holders and fountain wholesalers in 135 countries.

Thirty-seven percent of the unit volume of the Company's soft drink operations is in the United States. Coca-Cola USA, a division of The Coca-Cola Company, manufactures soft drink syrups and concentrates in 16 production centers and distributes them to more than 550 independently owned bottlers; to 14 Company-owned bottlers and to about 4,000 fountain wholesalers throughout the United States.

In the United States, products of The Coca-Cola Company are sold in more than one million stores or retail locations and more than 200,000 food-service outlets, and comprise more than 35 percent of the total volume of soft drinks consumed in the country.

Coca-Cola USA provides advertising, marketing and promotional support, product and packaging innovations and technical assistance for bottlers and wholesalers serving the largest soft drink market in the world.

Coca-Cola, the premier soft drink in the Company's lineup of products, is joined by Sprite, which in 1979 continued to grow relative to the overall lemon-lime market for the eighth consecutive year; by TAB, the leading sugar-free soft drink; by Fanta flavors; and by Mr. PiBB; Fresca; Mello Yello and Hi-C soft drinks.

Mello Yello, a lightly carbonated citrus-flavored soft drink introduced in the first quarter of 1979, had attained nearly 50 percent national distribution by the end of the year — the most successful new product introduction in the history of the soft drink industry.

The Company's diet soft drinks — TAB, Fresca, sugar-free Sprite, and sugar-free Mr. PiBB—made up almost 12 percent of total volume in 1979, and grew at a rate of more than 10 percent, well above the industry growth rate.

Unit sales of Coca-Cola and other Company products in the United States increased by about five percent in 1979, but sales growth would have been slightly lower without inventory buying in the fourth quarter in anticipation of syrup price increases effective in January 1980. Both fountain and bottler sales growth rates in 1979 exceeded industry rates.

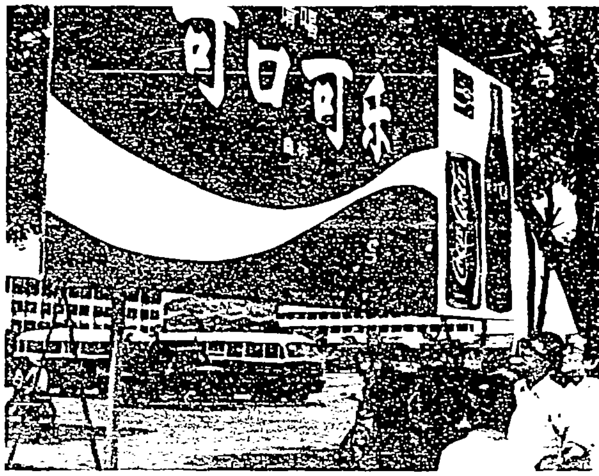
Continuing goals for Coca-Cola USA are to improve products, packaging and support services toward the end of improved sales and profits for the Company, its bottlers, canners and wholesalers. Marketing support will continue to increase for Coca-Cola in the United States, reflecting the strong commitment to this primary brand, as well as the new bottler contract provisions.

For 1980, management expects growth rates again to be slightly stronger than the industry as a whole, with continued growth for Coca-Cola and major contributions coming from other Company brands such as TAB, Sprite and Mello Yello.

Though the United States soft drink market is the most developed in the world, its expansion continues. By the end of the 1980s, consumption of soft drinks per person in the United States is expected to have increased from 37 gallons to 50 gallons per year — still less than one-third of total commercial beverage consumption per person. Peak users are the 16-24 year-old age groups who, as consumers, tend increasingly to carry their tastes and life-styles with them through life. The average 45 year old today has a higher per capita consumption rate than any age group did 20 years ago.

In the United States, the Company will continue to focus on cola and lemon-lime products, which account for about 75 percent of the industry's sales volume and about 90 percent of the Company's unit sales. To further enhance the visibility of Coca-Cola, the Company increased its advertising sharply in 1978 and 1979. At mid-year 1979, a new theme for Coca-Cola was introduced, "Have a Coke and a smile." By the third quarter, advertising awareness of Coca-Cola was the highest it had been in more than four years, and the "Mean Joe Greene" commercial was acclaimed as one of the best advertisements ever produced.

TAB has been given a new, bright and bold face in packaging graphics, and in 1980 will be supported by a new advertising campaign.



Opposite: Coca-Cola, which is consumed more than 200 million times a day in more than 135 countries around the world, accounts for about 70 percent of the soft drink operation's sales volume.

Above: Coca-Cola was one of the first major American consumer products to be advertised in the People's Republic of China. The first billboard was erected in July 1979 at the Guangzhou railway station.

Sprite, too, is getting a new look in its advertising and packaging.

In a move to provide its bottlers with products to satisfy various and varying tastes, the Company has developed "Ramblin' Root Beer." Initial test market results for the product are very encouraging.

Mexico is the second-largest market for the Company's products, after the United States. Having established operations in Mexico more than 50 years ago, the Company and its Mexican bottlers have built sales volume to about 45 percent of total industry volume. Unit sales increased in 1979 by more than 20 percent, and Mexico's gallon increase led all other markets outside the United States for the second straight year.

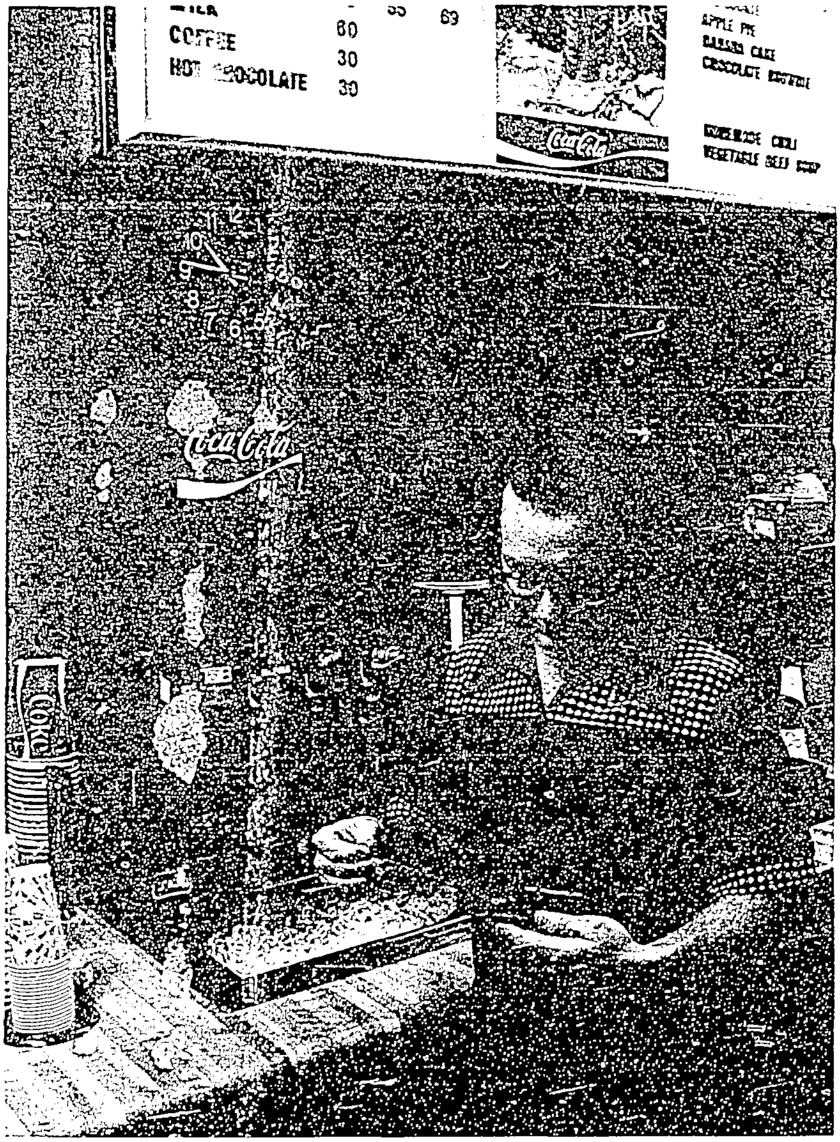
Growth also continued in other major markets throughout the world. Unit sales of Company soft drinks in Japan, however, showed only a slight increase last year. This performance was attributed primarily to cool, damp weather during the key summer months of July and August when Japan normally experiences about 30 percent of its annual sales. Reflecting this, sales of the rest of the soft drink industry in Japan last year were below the previous year's level because a large share of total sales come from outdoor vending machines and coolers.

In 1979, Coca-Cola bottlers in Japan extended the distribution coverage of the one-liter plastic-coated returnable bottle for Fanta and Sprite, and many installed special equipment to bottle fruit flavors in the one-liter package. A one-way liter package also was introduced nationwide for the Hi-C orange drink. As a result of these introductions and heavy marketing programs, sales of flavored products increased 10 percent during the year.

In spite of heavy price competition, our Japanese bottlers substantially improved their share of the refreshment beverage market in 1979.

With per capita consumption of soft drinks in Japan at only about one-third of the level in the United States, there is outstanding potential for further sales gains for Coca-Cola and other Company products. Primary marketing emphasis in 1980 will be on promoting consumption of Coca-Cola in all segments of the market. The introduction of low-cost fountain dispensers and one-way packages for syrup are expected to boost the Company's fountain syrup unit volume by about 25 percent annually. The Company expects renewed growth in Japan in 1980.

Last year the Coca-Cola bottlers in Germany celebrated the 50th anniversary of the business in that country. Their market is the fourth largest in the world for our products, even though per capita consumption is still only about half of that in the United States. Low-calorie beverages now are available in Germany and soft drinks are packaged in cans and a variety of bottle sizes, both returnable and non-returnable. Unit sales were up more than five percent in 1979, higher than the industry average,



Above: Quality is an important factor in fountain outlets which serve Coca-Cola and the Company's other soft drink products. Fountain operators check to insure that a quality beverage is served.

Left: Sugar-free Fresca has been reformulated and the packaging graphics have been changed. The new flavor is designed to appeal to consumers interested in light, dry, low-calorie beverages.

Above: The second FIFA World Youth Tournament for the Coca-Cola Cup was held in Japan in August. Teenage soccer players from 16 countries participated in the tournament which was won by Argentina.

Left: Use of marketing techniques such as this "Display-Mart" enables retailers to position Coca-Cola and other products of the Company with compatible foods. Such innovations enable Coca-Cola USA to maintain its leadership in "take home" sales in the United States.


1 LITER
Mr. PiBB
TaB
1 LITER
Sprite
FRESCA
NEW TASTE!
2 LITER SIZE
LIGHTWEIGHT PLASTIC BOTTLE
FANTA
2 LITER
67.6 ozs.
LIGHTWEIGHT PLASTIC BOTTLE
33.8 ozs.
mello Yello
TaB
SUGAR FREE!
FRESCA
mello Yello
2 LITER 67.6 FL OZ (2 QT 3.6 OZ)
FANTA
ORANGE SODA
Ramblin'
16 FL OZ (1 PT)
67.6 oz. size
TaB
FANTA
16 FL. OZ. (1 PT.)
Non-Carbonated
Ramblin'
NEW TASTE!
FRESCA
A unique blend
citrus flavor
FANTA
GRAPE SODA
12 FL OZ
Ramblin'
SUGAR FREE!
sugar free!
Mr. PiBB
mello Yello

in spite of rainy weather during the peak consumption months. Even greater gains are expected in 1980.

Brazil is another important market in terms of both current performance and future growth potential. Half of Brazil's 100 million population is less than 18 years old. In spite of poor weather (including frequent floods) and serious balance of payments and inflation problems, unit sales of the Company's soft drinks in Brazil were up about 10 percent in 1979.

In Brazil and Mexico, The Coca-Cola Company's nutritional beverages are marketed under the brand names, "Saci" and "Sanson," respectively.

Long-awaited improvements in the economy and business climate in Argentina began materializing in 1979. Unit sales of Coca-Cola and Sprite responded dramatically to increases in consumer disposable income, with unit sales of all Company products up 15 percent. Price controls on soft drinks were removed by the government, so bottlers are investing actively in new plant and equipment as their business improves.

In Canada, the difficulty of increasing sales volume in the highly competitive soft drink market has been compounded in the past three years by government moves such as the banning of saccharin in foods and beverages and severe restrictions on packages, including mandatory deposits on some and the outright ban of others. During these three years, there has been no growth for overall soft drink industry sales in Canada.

Because of such regulations, and because of an eight-week strike in Company plants serving Quebec, unit sales of the Company's soft drinks in Canada in 1979 were slightly lower than levels attained in 1978.

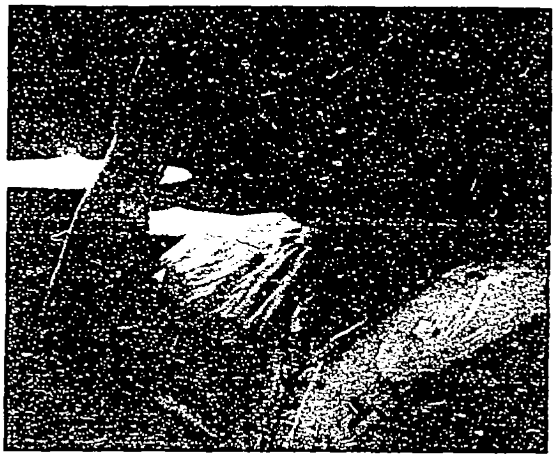
The Company's only reduced-calorie drink, a six-calorie-per-ounce TAB, accounts for only about two percent of total Company sales of soft drinks in Canada. However, Canadian authorities have recently indicated that the artificial sweetener Aspartame may be approved for soft drinks. The Coca-Cola Company is now testing formulations of products using this sweetener. The Company expects renewed moderate growth in Canada in 1980.

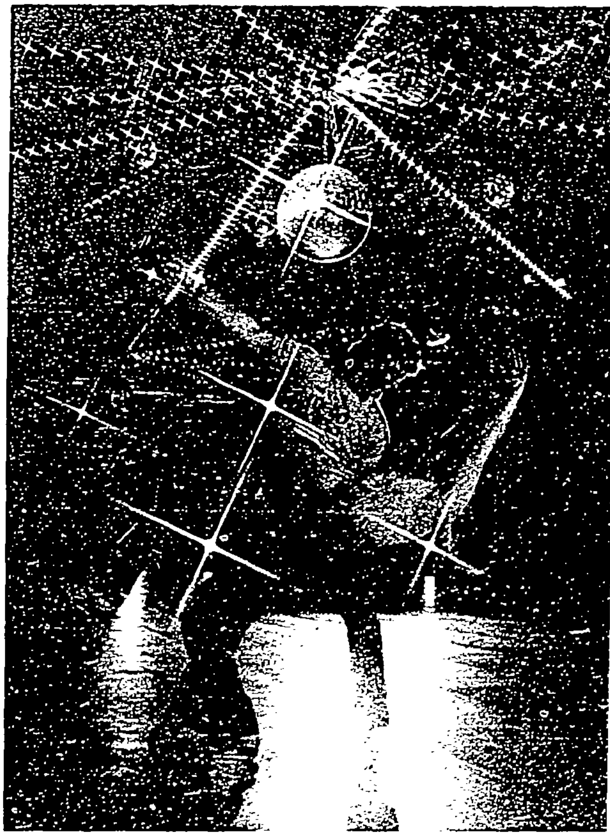
The Company had no increase in sales volume in Australia in 1979, due primarily to a depressed economy. The intensely competitive soft drink market experienced intensive price cutting during the year and relatively little media support. The Company expanded its bottling facility in Sydney, installing a high-speed automated line capable of filling the two-liter plastic bottle. The package was introduced early in 1979 in the Sydney market where it has had good success.

Coca-Cola bottlers in Spain, the leading market in Southwest Europe, have been consistent producers of volume and profit gains, and 1979 was no exception. New packaging and the appearance of international fast-food chains should enable the bottlers to continue to grow and prosper. Unit sales volume in Spain was up more than 10 percent in 1979 and we expect similar growth in 1980.

In the Middle East, Coca-Cola has reentered the markets of North Yemen and Egypt. Egypt is by far the largest market in the Arab world with a population of more than 40 million. The reintroduction into the Egyptian soft drink market took place in Cairo and Alexandria in July 1979. Since then plants have been opened in Tanta and Ismalia. Currently our bottler is selling all the Coca-Cola it can produce in Egypt. We expect to have 10 plants operating in Egypt in late 1980, covering the entire Egyptian market with an annual capacity of 40 million cases.

Three countries account for the bulk of the Company's business in Africa: Kenya, Nigeria and





Top right: A commercial for Coca-Cola featuring "Mean Joe Greene" was acclaimed as the best television commercial in years and brought favorable comment from broadcast and print media around the country.

Lower right: Mello Yello, introduced nationally in 1979, was quickly accepted by young Americans as a refreshing thirst quencher. By the end of the year, Mello Yello was available to nearly 50 percent of the U.S. population, one of the best new product introductions in the industry's history.

Opposite: The Coca-Cola Company offers, in addition to Coca-Cola, a wide variety of other beverages in an assortment of packages designed to fulfill the consumer's every soft drink need.

South Africa. While these countries have experienced some social and political unrest, this has not been a disruptive factor to our business. Unit sales growth of products in Africa last year exceeded 15 percent over the previous year, and we expect further strong gains in 1980.

Latin American operations, which include Mexico, Brazil and Argentina, as a whole in 1979 achieved about a 15 percent gain in unit sales following similar strong gains in 1978. In more than 50 years of doing business in this area, the Company has established successful positions in most Latin American countries by following its policies of careful growth and good local citizenship.

The soft drink market in Chile is growing moderately and Coca-Cola is setting the pace in sales volume. Sales in Peru have increased considerably. Venezuela is a difficult market, but the Company has begun implementing a long-range plan to build the market as business conditions improve.

Uraguay showed unusually strong growth during 1979 when volume expanded by nearly 20 percent.

Unit sales were up modestly in Central America, as the political situation continues uncertain in many areas.

Many markets in Europe are relatively well developed, and the Company's European management sees wide opportunity for growth by providing more convenience in packaging and a broader line of flavors and diet drinks. The fountain or post-mix sector of the soft drink business also has enormous potential. The fast-food industry is in its infancy, even in the more developed markets of Europe.

Unit sales for Great Britain and Ireland were up more than 20 percent over 1978, due in part to the immediate popularity of a 1.5-liter bottle which was introduced last year. Continued sales growth in Sweden was due partly to new packaging for Coca-Cola. Fanta was introduced successfully in Sweden, and Coca-Cola and Sprite were the Company's sales leaders in Finland.

In Switzerland, a reformulated Fanta drink has been particularly successful, and in Austria, a totally new flavor based on herbs has become very popular. Unit sales of the Company's soft drinks in Poland, Czechoslovakia and Hungary increased significantly in 1979, but the sales base is small relative to other markets.

In other areas of Europe, including Germany and Spain, unit sales growth has consistently outpaced industry growth. Total Western European unit sales volume in 1979 was up more than 10 percent over 1978, following similar gains last year.

Overall, the Company expects continued strong gains in Europe in 1980.

The Far East markets of Thailand, Malaysia, Hong Kong, Singapore, Indonesia and Korea have been characterized in recent years by rapid growth in population, gross national product and per capita income. All have been important growth markets for the Company's soft drinks and 1979 was not an exception. Combined unit sales substantially exceeded 1978 volume.

Strong sales growth has continued in Korea as bottlers have invested heavily in production and distribution facilities, to be in a position to serve growing consumer demand.

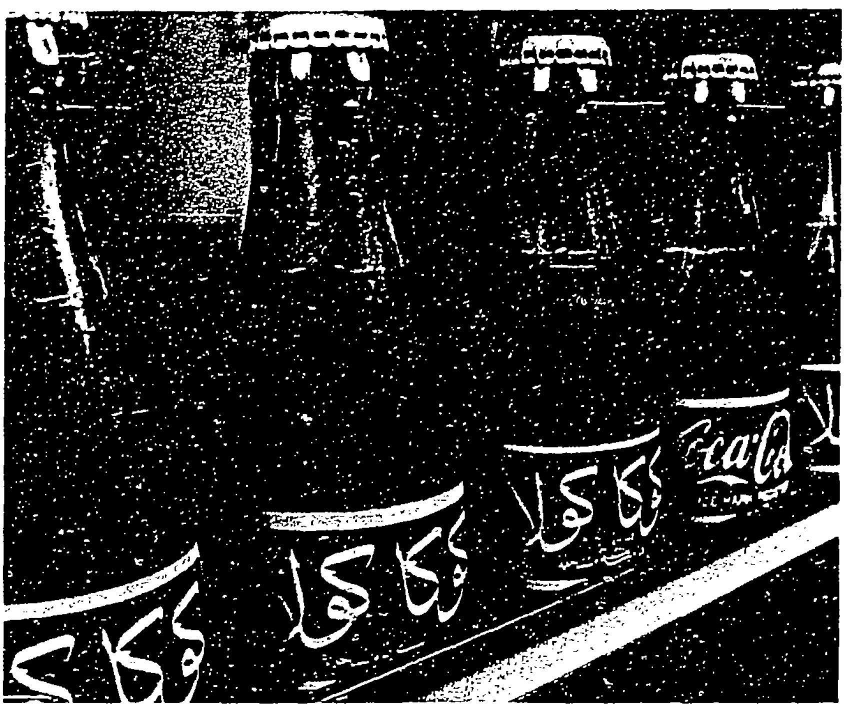
Volume growth in Thailand also has been the result of increased bottler investment in distribution facilities and new packaging capabilities. Fanta Orange also has contributed significantly to volume growth. A separate office was opened in Hong Kong in 1979 to coordinate the reintroduction of Coca-Cola in the People's Republic of China. Coca-Cola is now available in such cities as Peking, Shanghai, Guangzhou and Qingdao and at the Great Wall and the Forbidden City. Agreements have been signed with China covering technical aspects of construction and operation of a bottling plant to be built in Peking. Ground was broken for this facility in February 1980.

Soft drink unit sales volume in the total Pacific area, including Japan and Australia, increased by more than five percent in 1979, following a 10 percent gain in 1978. The increase was primarily the result of continuing strong volume growth in the rapidly developing Far East and Pacific Island markets.

Management expects greater sales, profit and unit growth from the Pacific in 1980.

Right: Except for the United States, Mexico is the leading market for the products of The Coca-Cola Company. Over the past 50 years, bottlers of Coca-Cola in Mexico have developed their business to the point where it now comprises nearly 45 percent of the country's total soft drink volume.

Below: Coca-Cola was reintroduced into Egypt in July 1979 and at the end of the year, Egyptians were consuming all the Coca-Cola the bottler could produce. There will be 10 plants operating in Egypt by the end of 1980, covering the entire Egyptian market of 40 million people.




Coca-Cola
Coca-Cola
Coca-Cola


Minute Maid
ORANGE
16 FL OZ (1 PT)
No Sugar Added

Foods Division

Net sales of the Foods Division of The Coca-Cola Company were up more than 10 percent in 1979 and exceeded $1 billion for the first time. This growth reflects continued strong consumer preference for the popular products marketed by the Division, including Minute Maid chilled and frozen concentrated citrus juices, ades and lemon crystals; Snow Crop frozen citrus concentrates; Bright & Early breakfast drink; Hi-C ready-to-serve fruit drinks and powdered drink mixes; and Maryland Club and Butter-Nut coffees and teas.

About 45 percent of the Foods Division's sales in 1979 were generated by frozen and chilled citrus juices, 37 percent came from coffee and tea and 18 percent from soft drink products such as fruit drinks and powdered mixes.

Tenco, which produces private label brands of instant coffee and instant tea, contributes about 15 percent of Division sales. Tenco also operates one of the four facilities in the United States for decaffeinating green coffee.

The Foods Division also supplies a broad line of beverage and allied products to restaurants, hospitals and other institutional users. Revenues from this area have grown at a 20 percent annual rate since 1972, and currently food service products contribute about 10 percent of Foods Division sales.

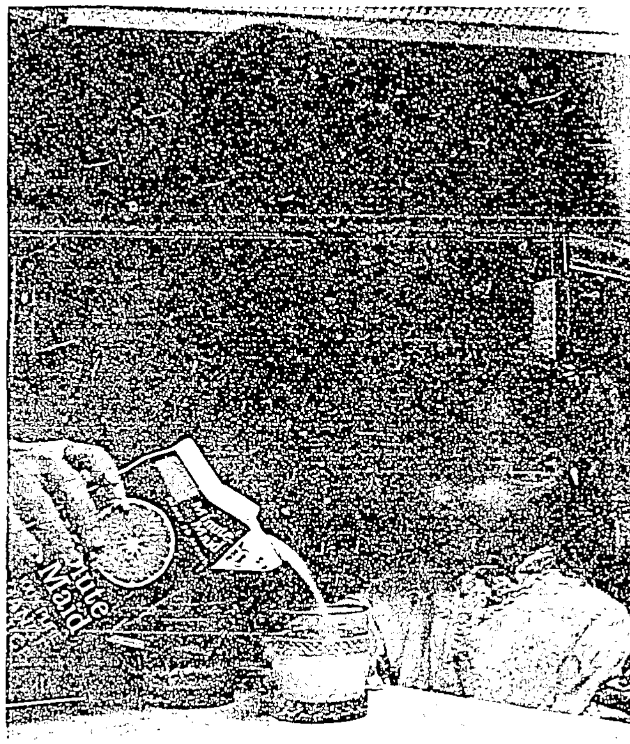
Citrus products outside the United States contribute about five percent of Division sales.

Growth of the Foods Division has resulted principally from products bearing the best known brand name in the grocer's freezer case — Minute Maid — and one of the most accepted brand names in fruit drinks — Hi-C. Ready acceptance of these brand names by consumers and the grocery trade has enabled the Foods Division to launch profitably a steady stream of new product and packaging innovations, as well as maintain strong market positions of existing products.

From one product in one package, the Minute Maid brand has grown to include eight frozen juice concentrates, three frozen ade concentrates, five chilled juices and ades and the highly popular lemonade crystals.

The Hi-C brand name now has more than 30 beverage products under its banner. Hi-C ready-to-serve fruit drinks (11 flavors) contain as much as 10 percent fruit juice and a full day's supply of vitamin C in every serving. Powdered, presweetened Hi-C mixes, introduced in 1978, are marketed in eight flavors.

The strength of the Division's brand names is reflected in the success ratio of its new products: at least half have succeeded in an industry in which a one-third success rate is considered excellent. More than one-fourth of the Division's revenues in 1979 came from products introduced within the last three years.



Opposite: The most popular brand name in the grocer's freezer display is Minute Maid — the number one brand of frozen concentrate for orange juice in the country.

Above right: Minute Maid ready-to-serve chilled orange juice, introduced six years ago, achieved national distribution in 1979.

During the last four years, total industry sales volume in the frozen orange juice category, which amounts to about 500 million gallons per year in reconstituted form, has declined moderately because of a supply shortfall resulting from the Florida freeze of 1977. Unit sales of Minute Maid frozen orange juice, however, have increased by 10 percent during the period and revenues have risen by 70 percent due to rising citrus prices.

Volume growth of ready-to-serve Minute Maid chilled orange juice has been encouraging since it was introduced five years ago. The product achieved national distribution in 1979.

Minute Maid Lemonade Crystals, a powdered drink mix, also has proved very successful since its introduction in 1978. It is a top selling item among presweetened, powdered drink mixes and, together with Minute Maid frozen concentrated lemonade, constitutes a major presence in the lemonade business.

Unit sales of Hi-C ready-to-serve fruit drinks were up about five percent in 1979 over the previous year.

Powdered drink mixes are growing faster than ready-to-serve fruit drinks, and today account for about two-thirds of reconstituted volume. With the addition of Hi-C drink mixes in 1978, the Division's total fruit drink sales have been growing at a faster rate than the total fruit drink category in both volume and sales.

Snow Crop Five Alive, a frozen concentrate made from the juice of oranges, grapefruit, tangerines, lemons and limes, achieved national distribution in 1979.

Bright & Early, frozen concentrate for imitation orange juice, now is available nationally, priced at about 60 percent of the level of orange juice.

Revenues and profits from roast and ground coffee operations were up in 1979 compared with the prior year, on higher prices and lower sales volume. Since the 1977 Brazilian freeze, the coffee business has been characterized by wide swings in price, with sales volume reacting inversely. Due to the highly competitive nature of the business, price fluctuations in roast and ground coffee have produced a decline in per capita consumption of coffee.

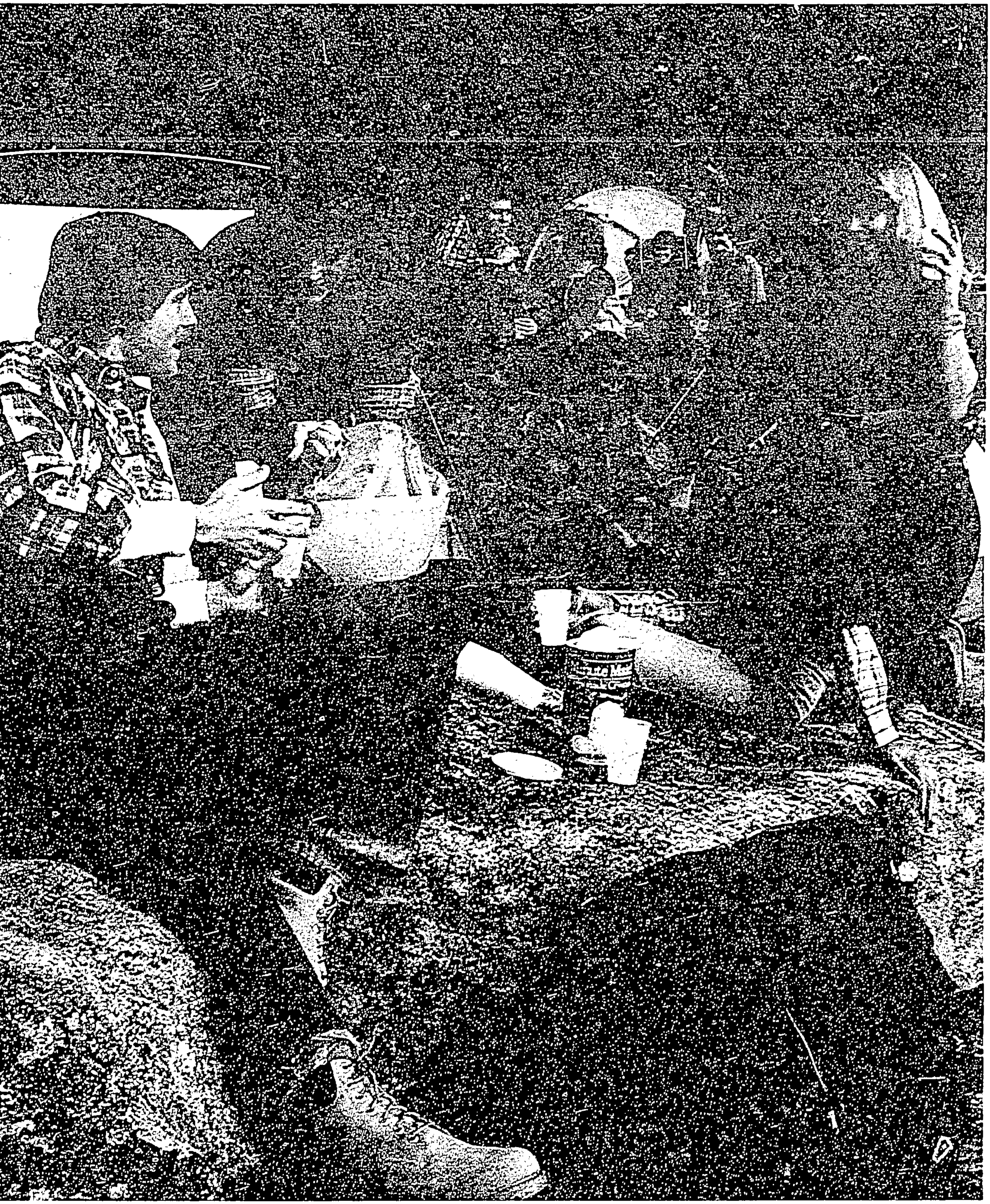
The Foods Division sees significant growth opportunity, however, in the "instant" coffee category. While industry per capita consumption of coffee overall has declined, the per capita consumption of instant coffee has remained level. In 1980, we expect to launch a major test market of a new instant coffee product developed by our Tenco Division.

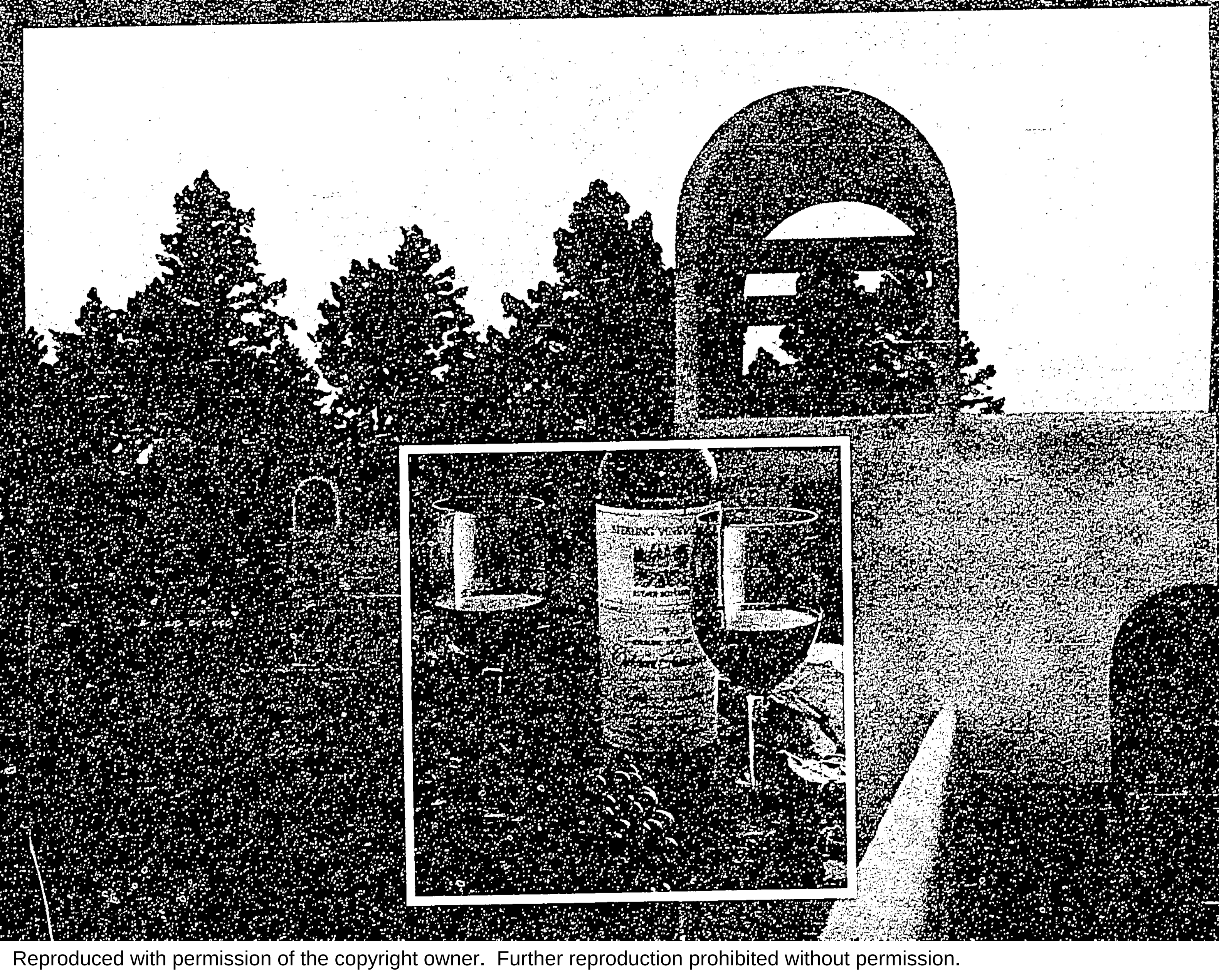
Per capita consumption of citrus juices and fruit drinks in the United States is substantially higher than in other countries. Yet surveys show that only 35 percent of American families drink orange juice, and in many cases only for breakfast. Thus, we believe an excellent opportunity for growth in per capita consumption exists in the United States. And overseas there is the opportunity to make citrus and fruit drinks available and affordable for the first time to large segments of the world's population. We expect to see moderate increases in citrus concentrates and ready-to-serve drinks in 1980. Chilled juices and powdered drink mixes are expected to show stronger growth, but coffee volume is expected to decline slightly.

Right: Quality control of the Foods Division's Maryland Club and Butter-Nut coffees begins in the laboratory where experienced technicians continually test the product for flavor and aroma.

Top: Sales of the Foods Division topped $1 billion in 1979, reflecting the continuing consumer preference for quality, name-brand items.

Opposite: Minute Maid Lemonade Crystals introduced nationally in 1978, has contributed significantly to the total growth of powdered drink mixes.





The Wine Spectrum

The Wine Spectrum is fast becoming one of the preeminent wine companies in the United States. An operating unit of The Coca-Cola Company, it brings together the patient growing of selected grape varieties, careful attention to quality winemaking, with dynamic marketing and strong sales service, to provide consumers with preferred high quality premium wines. As an amalgamation of modern *production facilities, innovative marketing and* 681 independent distributors, it joins together Sterling Vineyards estate-bottled vintage varietals; The Monterey Vineyard Classics and vintage varietals; Taylor California Cellars premium generics; Taylor New York State Champagnes, table and dessert wines; Taylor Lake Country premium generics and Great Western New York State Champagnes, varietals and dessert wines.

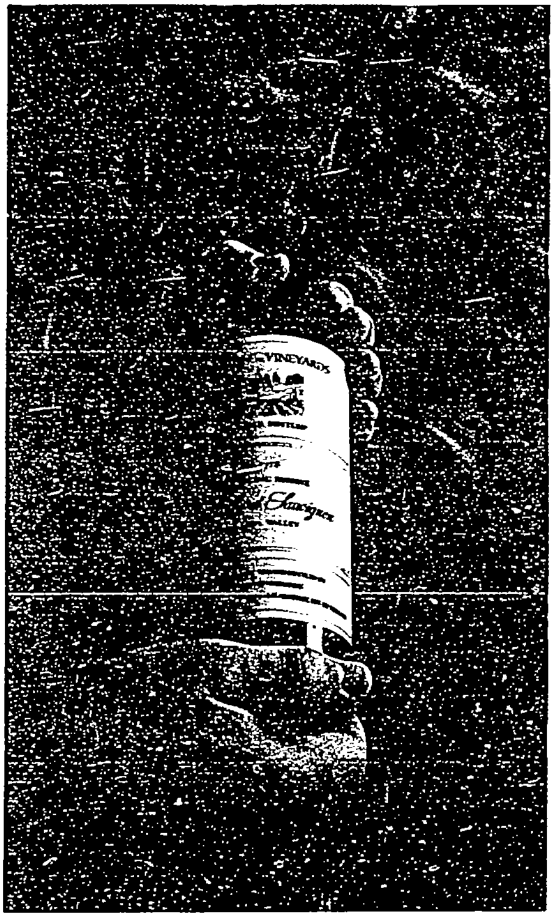
The name of The Wine Spectrum is far more than just a convenient business title... it is, in fact, symbolic and representative of our business. The Wine Spectrum is, indeed, a multi-hued rainbow spanning the American continent and linking the two premier and preeminent wine-growing regions of America... New York State and California.

While The Wine Spectrum concluded only its second full year of operation in 1979, the legacy of our wine business is nonetheless substantial. For within The Wine Spectrum, our heritage is the Bonded Winery No. 1, dating back to before the American Civil War... to 1860. We are easily the makers of the most preferred premium champagnes in America. Our Sterling Vineyards is the proud producer of world-class, world-recognized, estate-bottled vintaged wines. The Taylor California Cellars line of premium generic wines is the most successful and spectacular new market entry in the history of the American wine industry. Our pioneering work in winemaking in the scenic and verdant Monterey County area of California holds the brightest new hope in all of American viticulture. Our New York State premium dessert wines are clearly the leader in their entire category.

An important step to add to that legacy was taken in December of 1979 when The Wine Spectrum's first offshore agreement was concluded with Francesco Cinzano, S.P.A.

The agreement with Cinzano not only includes the U.S. distribution rights to the current Dry, Sweet and Bianco Vermouths and Asti Cinzano sparkling wines, but includes provisions for the development of totally new products bearing the Cinzano trademark. The Wine Spectrum now spans the golden brown hills of the Napa Valley to the majestic Finger Lakes region of New York to the shaded valleys and green hills of Italy's Piedmont region.

In 1979, The Wine Spectrum's unit sales growth was well ahead of industry's performance in the United States. Combined unit sales of all wineries topped the year-earlier figure by more than 20 percent, a level triple the industry growth rate.



Opposite: Sterling Vineyards of California, located in the Napa Valley, is known for its estate-bottled premium varietal wines.

Top Right: Sterling Reserve Cabernet Sauvignon is produced in limited quantities from specially selected grapes, acquiring depth and character from the most careful cellar practices and prolonged aging in French oak. It is one of the most serious and impressive wines in America today.

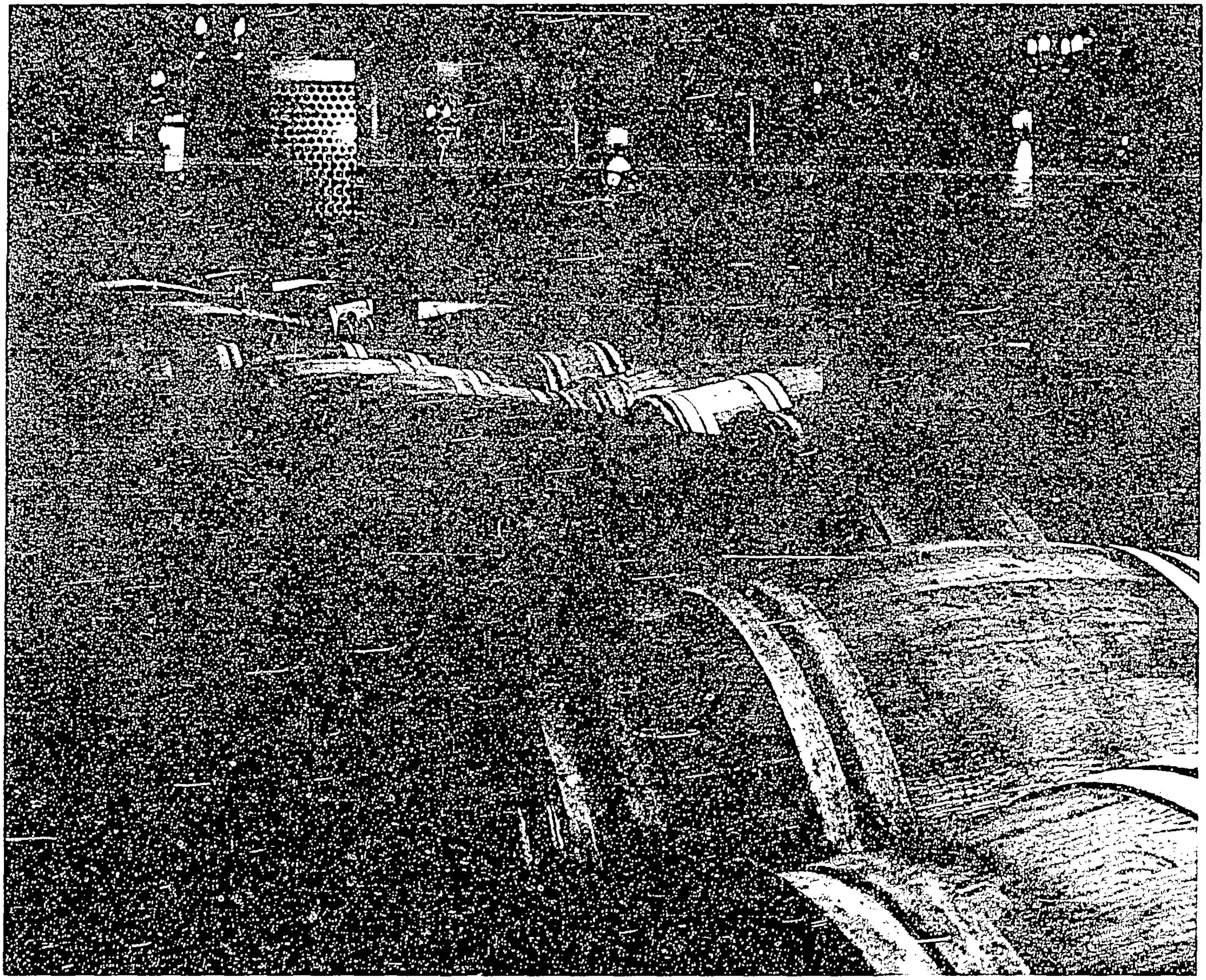
The Wine Spectrum's emphasis on premium table wines reflects the dramatic shift in consumer preference to better quality table wines. The growth of table wines, from 32 percent of the total wine industry in 1960 to 71 percent in 1979, underscores this change in consumer preference.

The increasing consumption of white table wine, from 24 percent of the industry ten years ago to 49 percent today, is further evidence of a changing consumer perference as well as a demand for superior quality.

Growth in the sales volume of table wines produced by The Wine Spectrum was about 40 percent in 1979, compared with the industry's average annual growth since 1970 of about 10 percent.

Heavy advertising expenditures by The Wine Spectrum in marketing its products, particularly in introductory advertising, reflects a commitment to creating product awareness, trial and sustained demand.

Because The Wine Spectrum has been in a heavy investment phase, contribution to earnings has not been significant since the Company's entry into the wine business. However, that situation is expected to change, as start-up costs decline and unit sales growth continue.



The Wine Spectrum expects its domestic sales to show even greater unit and sales growth in 1980 than in 1979, with a commensurate increase in profits as well.

Prospects for growth over the long term are encouraging as consumption of wine in the United States is expected to grow at a compound annual rate of eight percent over the next decade.

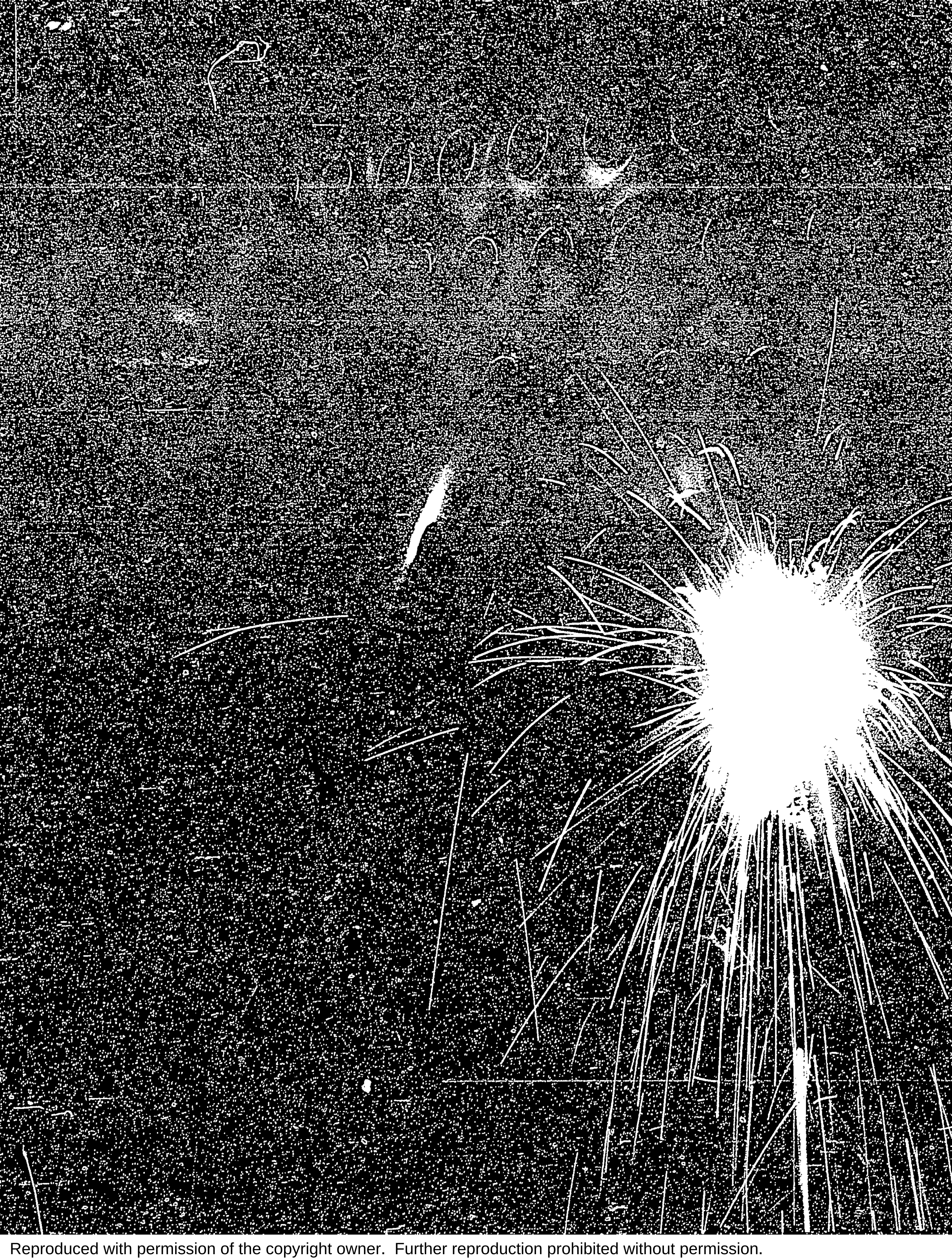
For the future, we see the wine market in the United States growing from 440 million gallons in 1979 to over one billion gallons by 1989. We anticipate The Wine Spectrum will be a major factor in the market. As we grow, we expect to grow not only in the United States, but also by exporting our fine products to major wine consuming nations around the world.

Above: Wine from Sterling Vineyards ages in traditional barrels of French oak stored in the winery's elegant new "chai."

Left: In each of the four wineries embraced by The Wine Spectrum in New York and California, wine is evaluated at every stage of its complex production process for absolute quality. The winemaker at Sterling Vineyards examines a newly bottled Pinot Noir for clarity and color.

Left: Guests to the Taylor winery in New York are treated to "tastings" of products after completing a tour of the facilities.

Top: New York State champagnes from The Taylor Wine Company, marketed under the Taylor and Great Western labels, are the most popular premium domestic champagnes in the United States.



Above: Plastic cutlery and drinking straws are among the many products produced by the Consumer Products Division.

Since the acquisition of Aqua-Chem, Inc., in 1970, The Coca-Cola Company's non-beverage product interests have grown to include water treatment and conditioning equipment; steam and hot water generators; disposable plastic straws, bags and cutlery and bottled water.

To facilitate management of its non-beverage interests, the Company in 1979 combined Presto Products, Incorporated, Winkler/Flexible Products, Inc., Universal Water Systems and Belmont Springs Water Company into a Consumer Products Division. All components serving industrial markets are now part of Aqua-Chem, Inc.

Industrial Products

Milwaukee-based Aqua-Chem, Inc., has four major production facilities in the United States, one in Canada and participates in one venture in Mexico.

The Cleaver-Brooks Division of Aqua-Chem is a leading U.S. producer of small and medium-sized steam and hot water generators. Boilers bearing the Cleaver-Brooks nameplate are noted for clean burning efficiency using natural gas or various grades of fuel oil. These boilers, marketed worldwide, are suitable for countless applications requiring capacities of less than 100,000 pounds of steam per hour. A subsidiary of Aqua-Chem, Industrial Combustion, Inc., specializes in converting existing boilers from one fuel to another, or to accept more than one type of fuel.

Through its Water Technologies Division, Aqua-Chem employs its extensive technical experience in water purification applications ranging from the production of medically pure water for drug and pharmaceutical use to potable water for drinking purposes. Major applications are in the design and construction of water desalination systems and industrial evaporators for various process industries.

Aqua-Chem's personnel work closely with the Company's soft drink production personnel in the United States and abroad to help assure a quality of water necessary to maintain the integrity of the Company's products.

Nearly half of the Water Technology Division's revenues are generated by overseas business. At the end of 1979, it had the highest order level in its history.

Aqua-Chem had lower income in 1979 on a slight sales gain and expects increases in both sales and income in 1980.

Opposite: Cleaver-Brooks boilers are precision made by the finest craftsmen in the industry. The finest quality materials are used in fabricating each type of boiler. Every model is thoroughly tested and inspected before shipment to the user.

Consumer Products

Presto Products, Incorporated, the largest component of the Consumer Products Division, became a subsidiary of The Coca-Cola Company in 1978. It has four modern manufacturing plants and is the leading private label supplier in the United States of disposable plastic film packages for the retail trade.

Through product innovation and aggressive marketing and merchandising, Presto has maintained good margins with its products while increasing its participation in this large and fast-growing segment of the market. Presto's products are distributed nationally.

Winkler/Flexible Products operates plants in four U.S. cities. Plastic cultery and straws produced by Winkler are distributed primarily to food service chains, hospitals and other institutional feeders.

Bottled water for residential, commercial and industrial use is produced and distributed by Belmont Springs Water Company of Belmont, Mass. Another subsidiary, Universal Water Systems, produces water conditioning equipment for residential, commercial and industrial markets.

Record sales and earnings were achieved by the Consumer Products Division in 1979, and further gains are expected in 1980.

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Vice Chairman

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General Counsel

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CHARLES HOCHMAN
Senior Vice President and President, Coca-Cola (Japan) Company, Ltd.

ROBERT PATERSON
Senior Vice President and Manager, Australasia Division

NEVILLE W. KIRCHMANN
Senior Vice President and President and Chief Executive Officer, Coca-Cola Ltd.

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MARGARET STERN
MICHAEL P.W. STONE

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Vice President, Secretary and Treasurer

MICHAEL J. DOYLE
General Counsel

Aqua-Chem, Inc.

ARMANDO R. STEINBRUCHEL
President and Chief Executive Officer

RICHARD J. KENDRO
Executive Vice President and Chief Operating Officer

Consumer Products Group

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President and Chief Executive Officer

JOHN E. LYNCH
President and Chief Executive Officer
Presto Products, Incorporated

FRANK H. HECKRODT
Executive Vice President and Chief Operating Officer
Presto Products, Incorporated

PAUL M. WINKLER
President and Chief Executive Officer
Winkler/Flexible Products, Inc.

Financial Report

Ten-Year Financial Summary (a)

(In thousands except per share data)

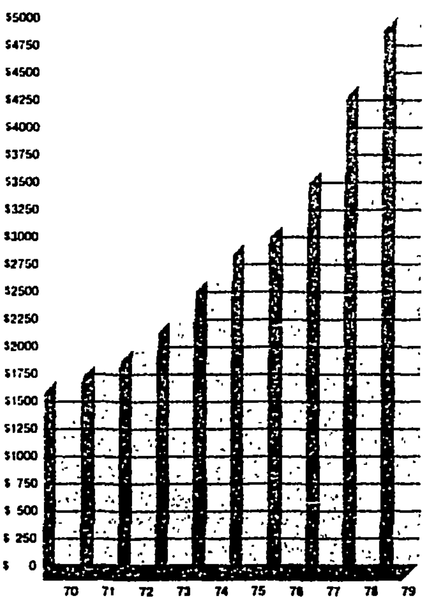
YEAR ENDED DECEMBER 31.	1979	1978	1977
Net sales	$4,961,402	$4,337,917	$3,619,835
Gross profit	2,167,376	1,899,729	1,566,151
Income before income taxes	742,192	691,396	614,900
Provision for income taxes	322,072	316,704	283,737
Net income	$ 420,120	$ 374,692	$ 331,163
Average common shares outstanding (c)	123,549	123,503	123,464
Net income per share (c)	$ 3.40	$ 3.03	$ 2.68
Dividends per share (c)	1.96	1.74	1.54
Year-end stockholders' equity	$1,918,704	$1,739,610	$1,578,034
Year-end cash and securities	208,536	369,317	417,982
Year-end total debt	139,189	69,141	57,304
Year-end long-term debt	30,989	15,231	15,303
% Net income to net sales	8.5%	8.6%	9.1%
% Net income to year-end stockholders' equity	21.9%	21.5%	21.0%
Capital expenditures	$ 381,401	$ 306,022	$ 264,368
Depreciation	112,939	94,024	82,459

Notes:

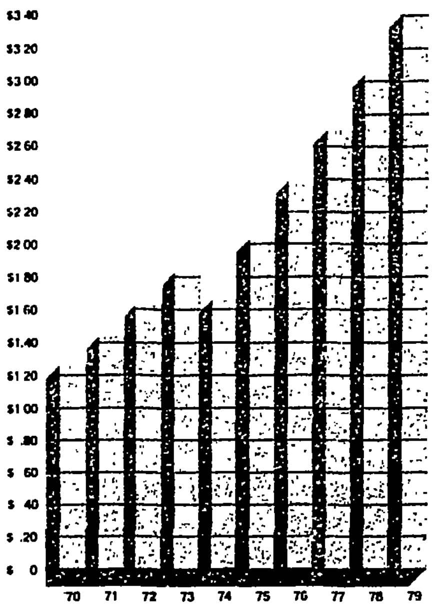
(a) Includes results for Presto Products, Incorporated, The Taylor Wine Company, Inc. and Aqua-Chem, Inc. which were combined with the Company in transactions accounted for as poolings of interests in 1978, 1977 and 1970, respectively

(b) In 1974, the Company adopted the last-in, first-out (LIFO) accounting method for certain major categories of inventories. This accounting change had the effect of reducing net income in 1974 by $31.2 million ($.25 per share).

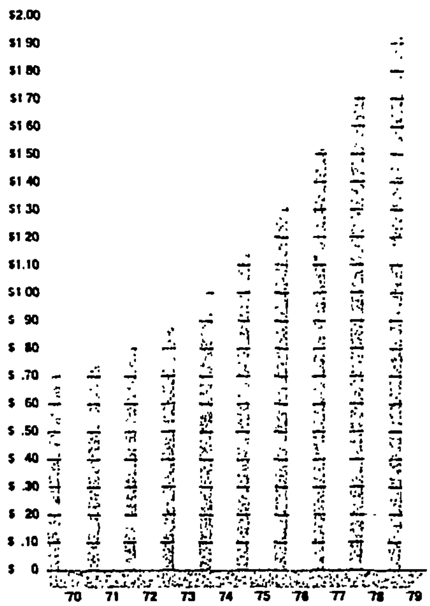
Net Sales



Net Income Per Share

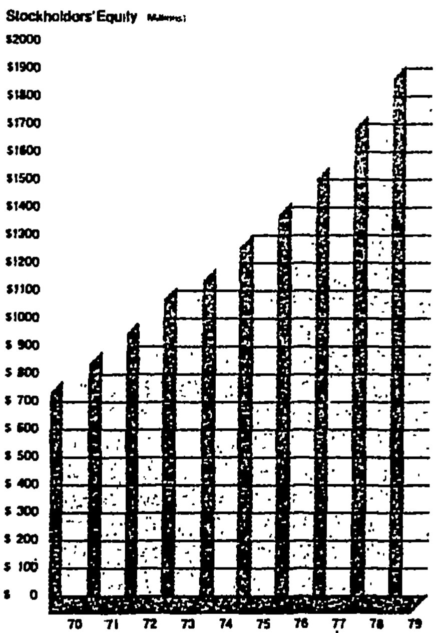


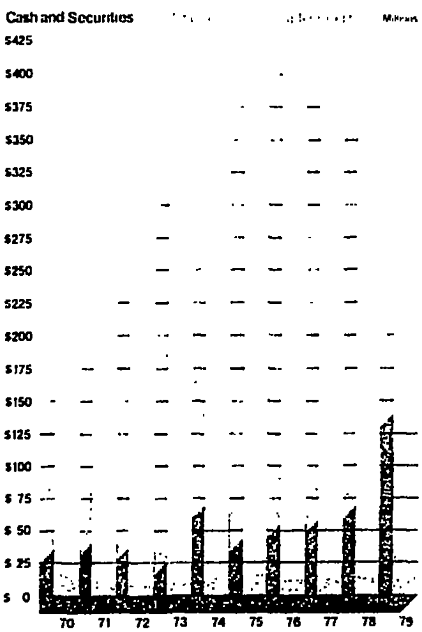
Dividends Per Share



1976	1975	1974	1973	1972	1971	1970
$3,146.007	$2 979.350	$2.613 704	$2 226 072	$1 945 177	$1 785 041	$1 654 988
1.376.891	1.198.731	1 011 244	1 027 775	909.679	825 930	747 295
552.165	479.330	379.983	419 479	379 352	340.342	301.660
258.035	230.545	176 209	195.732	180 946	166 165	149 584
$ 294.130	$ 248 785	$ 203 774(b)	$ 223 747	$ 198.406	$ 174 177	$ 152.076
123.418	123.356	123.247	123 130	122.832	122.603	122.084
$ 2 38	$ 2.02	$ 1.65(b)	$ 1 82	$ 1 62	$ 1 42	$ 1 25
1.325	1 15	1.04	90	82	79	72
$1,434.555	$1.302.135	$1.189.888	$1.109.128	$ 990 860	$ 884.799	$ 787.781
402.850	409.190	260.105	308.054	241.029	195.155	152.522
51.649	42.482	68.599	24.361	34.773	37.113	34.753
10.762	15 777	11.862	8.317	7.123	11 404	16 988
9 3%	8 4%	7 8%	10 1	10 2%	9 8%	9 2%
20 5%	19.1	17 1%	20.2	20 0%	19 7%	19 3%
$ 190.607	$ 145.320	$ 153.720	$ 126.874	$ 119.152	$ 103.405	$ 111.238
72.377	69.123	61.823	61.017	57.642	54.185	49 926

(c) Adjusted for a two-for-one stock split in 1977.





Management's Discussion and Analysis of the Summary of Operations

Net sales in 1979 increased by $623 million or 14.4% over 1978 following a gain of $718 million or 19.8% in 1978.

Net sales of soft drinks increased by 13.9% in 1979 and by 22.4% in 1978. Gains in both years reflect increased unit sales and higher domestic syrup prices due to higher sugar prices. The 1978 gain also reflects the introduction nationally of Hi-C powdered drink mixes and Minute Maid Lemonade Crystals.

Net sales of the Company's other industry segments increased by 16.0% in 1979 and by 12.4% in 1978. The 1979 gain was due principally to higher unit sales in all product categories except coffee, and higher selling prices for citrus, coffee, wine and plastic products, partially offset by lower coffee unit sales. The 1978 gain was due principally to higher unit sales in all product categories and higher selling prices of citrus and wine products, partially offset by lower coffee prices.

Cost of goods sold in 1979 increased by $355 million or 14.6% over 1978 following a gain of $385 million or 18.7% in 1978. The 1979 increase was due to higher unit sales in all product categories except coffee, and higher raw material costs, principally sugar, citrus, grapes and plastic resin. The 1978 increase was due to increased unit sales in all product categories, and to higher raw material costs, principally sugar, citrus and grapes, partially offset by lower coffee cost.

Selling, administrative, and general expenses increased by 18.5% in 1979 following a 26.8% gain in 1978. The increases in both years reflect expanded marketing programs, increased levels of general business activity, and the effects of inflation. Media advertising expenditures totaled $343 million in 1979, up from $270 million in 1978 and $184 million in 1977. The increases were due primarily to increased advertising of soft drinks in the United States and overseas markets, and increased spending related to the Company's wine and citrus products. Taxes other than income taxes totaled $93 million in 1979, up from $77 million in 1978 and $63 million in 1977. The increases are due principally to higher payroll taxes and increased general taxes

Income before income taxes increased by 7.3% in 1979 and 12.4% in 1978. Operating income from soft drinks increased by 8.3% in 1979 and 12.7% in 1978, principally as a result of increased unit volume. Operating income from non-soft drink products increased by 10.5% in 1979 and 20.0% in 1978. Income from citrus, coffee and plastic operations increased in both years. Income from wine operations declined in both years due to increased marketing expenditures. Aqua-Chem's income decreased in 1979 versus an increase in 1978. Consolidated pretax income gains in both years were reduced by increases in general corporate expenses.

Provision for income taxes increased by $5 million or 1.7% in 1979 and by $33 million or 11.6% in 1978. The increases were due to increases in income before income taxes in both years, partially offset in 1979 by a lower corporate tax rate in the United States, increased investment tax credits, and tax benefits resulting from changes in United Kingdom tax legislation concerning stock relief.

Net income increased by $45 million or 12.1% in 1979 following an increase of $43 million or 13.1% in 1978.

Capital expenditures for additions to property, plant and equipment totaled $330 million in 1979, up from $306 million in 1978 and $264 million in 1977. These increases reflect the replacement and expansion of facilities to meet the needs of the Company's expanding business, a high level of spending related to the Atlanta office headquarters expansion and increased capacity of the Company's wine operations. In addition, the Company's cash acquisition of The Atlanta Coca-Cola Bottling Company and other companies in 1979 added another $51 million to net property, plant and equipment. As a result of increased capital expenditures and acquisitions over the past several years, depreciation and amortization of property, plant and equipment totaled $114 million in 1979, up from $95 million in 1978 and $83 million in 1977. Maintenance and repairs totaled $71 million in 1979, up from $62 million in 1978 and $51 million in 1977, reflecting the increased cost of maintaining additional facilities.

Total cash and marketable securities were $209 million in 1979, down from $369 million in 1978 and $418 million in 1977. Total debt was $139 million in 1979, up from $69 million in 1978 and $57 million in 1977. The decrease in cash and increase in debt in both years reflect spending related to the Atlanta office headquarters expansion and the expansion of wine operations. In 1979 they also reflect the acquisition of The Atlanta Coca-Cola Bottling Company and increased working capital requirements throughout the business.

Consolidated Statements of Income (In thousands except per share data)

YEAR ENDED DECEMBER 31	1979	1978
Net sales	$4,961,402	$4 337 917
Cost of goods sold	2,794,026	2 438.188
GROSS PROFIT	2,167,376	1 899 729
Selling administrative and general expenses	1,448,022	1 221.643
OPERATING INCOME	719,354	678 086
Other income	67,941	54 632
	787,295	732.718
Less other deductions	45,103	41 322
INCOME BEFORE INCOME TAXES	742,192	691.396
Provision for taxes on income	322,072	316 704
NET INCOME	$ 420,120	$ 374.692
Net income per share of common stock	$ 3.40	$ 3 03

Consolidated Statements of Retained Earnings (In thousands except per share data)

YEAR ENDED DECEMBER 31.	1979	1978
Balance at January 1	$1,581,406	$1.421.356
Net income for the year	420,120	374.692
Dividends paid in cash:		
The Coca-Cola Company (per share — 1979. $1 96: 1978. $1.74)	242,159	214.344
Presto Products. Incorporated. prior to combination	0	298
BALANCE AT DECEMBER 31	$1,759,367	$1.581.406

See Notes to Consolidated Financial Statements

Cash Dividends

Cash dividends were paid on common stock as follows:

	1979	1978
First quarter	$ .490	$ 435
Second quarter	.490	435
Third quarter	.490	435
Fourth quarter	.490	435
Full year	$1.96	$1 74

Stock Market Information

The common stock of the Company is traded on the New York Stock Exchange. Inc. The high and low prices of each quarter for the past two years are as follows:

	1979		1978	
	High	Low	High	Low
First quarter	$46.125	$39.75	$39 50	$35 125
Second quarter	42.125	36.625	45 00	37 375
Third quarter	40.875	36.375	47 25	40 625
Fourth quarter	36.75	31.50	45 875	39 75

Consolidated Balance Sheets (In thousands except share data)

Assets	December 31 1979	1978
CURRENT:		
Cash	$ 106,886	$ 156.151
Marketable securities — at cost (approximates market)	41.685	165.340
Trade accounts receivable (less allowance — 1979 $8 113; 1978, $7.736)	435.079	338.291
Inventories	669.614	538.261
Prepaid expenses	52.339	38 519
TOTAL CURRENT ASSETS	1,305.603	1.236 562
MARKETABLE SECURITIES — at cost	59.965	47.826
MISCELLANEOUS INVESTMENTS AND OTHER ASSETS	147.010	132.018
PROPERTY, PLANT AND EQUIPMENT		
Land and improvements	97.906	85.051
Buildings	518.517	461.367
Machinery and equipment	1,092,882	894.315
Containers	292.085	228.327
	2.001.390	1.669.060
Less allowance for depreciation	717.212	604.086
	1.284.178	1.064 974
FORMULAE TRADE-MARKS GOODWILL AND CONTRACT RIGHTS	141,285	101.429
	$2.938.041	$2.582.809

Liabilities and Stockholders' Equity	1979	1978
CURRENT:		
Notes payable	$ 103,816	$ 48.243
Current maturities of long-term debt	4,384	5.667
Accounts payable and accrued accounts	576,862	510.032
Accrued taxes — including taxes on income	199,099	180.103
TOTAL CURRENT LIABILITIES	884.161	744.045
LONG-TERM DEBT	30,989	15.231
DEFERRED INCOME TAXES	104,187	83.923
STOCKHOLDERS' EQUITY:		
Common stock — no par value: authorized 140 000.000 shares: (issued: 1979, 123.960.295 shares; 1978, 123.924.852 shares)	62,357	62.340
Capital surplus	112,333	111.217
Retained earnings	1,759,367	1.581.406
	1,934,057	1.754.963
Less 401.338 shares of stock held in treasury — at cost	15,353	15.353
	1,918,704	1.739.610
	$2,938,041	$2.582.809

See Notes to Consolidated Financial Statements

Consolidated Statements of Changes in Financial Position 'In thousands

YEAR ENDED DECEMBER 31,	1979	1978
SOURCE OF WORKING CAPITAL		
From operations:		
Net income	$ 420,120	$ 374.692
Add charges not requiring outlay of working capital during the year:		
Provision for depreciation	112,939	94.024
Deferred income taxes	12,298	19.070
Other (principally amortization of goodwill and container adjustments)	29,546	19.549
TOTAL FROM OPERATIONS	574,903	507.335
Increase in long-term debt	7,234	0
Decrease in marketable securities — non-current	0	20.566
Disposals of property, plant and equipment	25,041	17.127
Proceeds from exercise of stock options	921	1.228
Tax benefit from optioned shares sold	212	318
	608,311	546.574
APPLICATION OF WORKING CAPITAL		
Cash dividends:		
The Coca-Cola Company	242,159	214.344
Presto Products, Incorporated	0	298
Additions to property, plant and equipment	329,559	306.022
Acquisitions of purchased companies excluding net current assets:		
Property, plant and equipment — net	51,842	0
Other assets including goodwill, net of other liabilities	23,456	0
Increase in miscellaneous investments and other assets	13,084	36.843
Increase in marketable securities — non-current	12,139	0
Decrease in long-term debt	0	72
Other	7,147	3.696
	679,386	561.275
DECREASE IN WORKING CAPITAL	(71,075)	(14.701)
Working capital at beginning of year	492,517	507.218
WORKING CAPITAL AT END OF YEAR	$ 421,442	$ 492.517
INCREASE (DECREASE) IN WORKING CAPITAL BY COMPONENT		
Cash	$ (49,265)	$ 6.780
Marketable securities	(123,655)	(34.879)
Trade accounts receivable	96,788	58.440
Inventories	131,353	96.747
Prepaid expenses	13,820	5.956
Notes payable	(55,573)	(10.962)
Current maturities of long-term debt	1,283	(947)
Accounts payable and accrued accounts	(66,830)	(113.759)
Accrued taxes — including taxes on income	(18,996)	(22.077)
DECREASE IN WORKING CAPITAL	$ (71,075)	$ (14.701)

See Notes to Consolidated Financial Statements

1. Accounting Policies. The major accounting policies and practices followed by the Company and its subsidiaries are as follows:

The consolidated financial statements include the accounts of the Company and its majority-owned subsidiaries. All significant inter-company accounts and transactions are eliminated in consolidation.

Inventories are valued at the lower of cost or market. The last-in, first-out (LIFO) method of inventory valuation is used for sugar and other sweeteners used in domestic beverages, for certain major citrus concentrate products, and for substantially all inventories of domestic bottling subsidiaries, wine products and certain other domestic and foreign operations. All other inventories are valued on the average or first-in, first-out method. The excess of current costs over LIFO stated values amounted to approximately $71,000,000 and $46,000,000 at December 31, 1979 and 1978, respectively.

Property, plant and equipment is stated at cost, less allowance for depreciation, except that foreign subsidiaries carry bottles and shells in service at amounts (less than cost) which, in general, correspond with deposit prices obtained from customers. Depreciation expense was principally determined by the straight-line method. A portion of the depreciation determined by the straight-line method for financial statement purposes is calculated on accelerated methods for income tax purposes. Deferred income taxes are provided to recognize timing differences in reporting depreciation for accounting and tax purposes. The investment tax credit is accounted for by the flow-through method.

Formulae, trade-marks, goodwill and contract rights are stated on the basis of cost and, if purchased subsequent to October 31, 1970, are being amortized, principally on a straight-line basis, over the estimated future periods to be benefited (not exceeding 40 years).

2. Acquisitions. In 1978 the Company issued 1,275,000 shares of its common stock for all of the outstanding common stock of Presto Products, Incorporated in a transaction accounted for as a pooling of interests.

In 1979 the Company acquired The Atlanta Coca-Cola Bottling Company for approximately $65,000,000 in cash. In addition several other companies, primarily bottling operations, were acquired in exchange for cash and notes. These transactions were accounted for as purchases and the operations of the acquired companies have been included in the consolidated statement of income from the dates of purchase. The purchased companies had no significant effect on operating results in 1979.

3. Foreign Operations. The Company's identifiable assets and liabilities outside the United States and Puerto Rico are shown below (in thousands):

	DECEMBER 31,	
	1979	1978
Current assets	$ 634,825	$ 580,058
Property, plant and equipment — net	491,913	424,433
Other assets	101,716	88,519
	1,228,454	1,093,010
Liabilities	542,274	479,323
Net assets	$ 686,180	$ 613,687

Appropriate United States and foreign income taxes have been accrued on earnings of subsidiary companies which are expected to be remitted to the Parent Company in the near future. Accumulated unremitted earnings of foreign subsidiaries which are expected to be required for use in the foreign operations amounted to approximately $57,000,000 at December 31, 1979, exclusive of amounts which if remitted would result in little or no tax. Exchange adjustments were not material in amount in either year.

4. Stock Options. In 1979 the Company adopted a stock option plan covering 1,000,000 shares of the Company's common stock. The 1979 plan provides for the granting of stock appreciation rights and stock options. Stock options and stock appreciation rights under the 1979 plan are granted to certain officers and employees of the Company and its subsidiaries. Stock appreciation rights permit the holder, upon surrendering all or part of his related stock option, to receive cash, common stock, or a combination thereof, up to 100% of the difference between the market price and the option price. Shares covered by such surrendered stock options or portions thereof are not available for the grant of further stock options. Options were held by officers and employees to purchase shares of the Com-

pany's common stock under all stock option plans at prices ranging from $19.16 to $67 91 per share in 1979 and from $9 09 to $67.91 per share in 1978 Further information relating to options is as follows:

	1979	1978
Options outstanding at January 1	1,153,598	1 112 830
Options granted during the year	262,242	111 120
Options exercised during the year	(35,443)	50 112
Options cancelled during the year	(120,511)	20,240
Options outstanding at December 31	1,259,886	1 153 598
Options exercisable at December 31	718,912	610 275
Shares available for options which may be granted	737,758	19 644

5. Pension Plans. The Company and its subsidiaries have various pension plans covering substantially all domestic employees and certain employees in foreign countries. Pension expense determined under various actuarial cost methods, principally the aggregate level cost method, amounted to approximately $33,000,000 in 1979 and $28,000,000 in 1978. In general, pension costs are funded when accrued. The amount of unfunded past service costs is not significant

6. Changes in Capital. The changes in capital during 1978 and 1979 are as follows (in thousands):

	Common Stock Issued		Capital
	Shares	Amount	Surplus
Balance January 1, 1978	123,875	$62,315	$109,716
Sale of stock to employees exercising stock options	50	25	1,203
Tax benefit from sale of option shares by employees			318
Cash in lieu of fractional shares - Presto merger			(20)
Balance December 31, 1978	123,925	62,340	111,217
Sale of stock to employees exercising stock options	35	17	904
Tax benefit from sale of option shares by employees			212
Balance December 31, 1979	123,960	$62,357	$112,333

7. Income Taxes. In 1979 income taxes were reduced by approximately $11,000 000 resulting from changes in United Kingdom tax legislation providing for tax reductions in connection with increases in inventory levels Approximately $6,000 000 of that amount relates to increases in inventories prior to 1979, and the remainder relates to 1979 inventory increases Investment tax credits had the effect of reducing the tax provision by approximately $15,000,000 and $10,000,000 in 1979 and 1978, respectively.

8. Quarterly Results of Operations (Unaudited). The following is a tabulation of the unaudited quarterly results of operations for the years ended December 31, 1979 and 1978 (In thousands except per share data):

	1979	1978
Net sales		
First quarter	$1,057,350	$ 908 169
Second quarter	1,320,822	1 164 865
Third quarter	1,330,999	1 191 481
Fourth quarter	1,252,231	1 073 402
	$4,961,402	$4 337 917
Gross profit		
First quarter	$ 467,709	$ 383 826
Second quarter	591,926	517 575
Third quarter	572,300	529 122
Fourth quarter	535,441	469 206
	$2,167,376	$1 899 729
Net income		
First quarter	$ 85,216	$ 75 149
Second quarter	123,591	109 758
Third quarter	122,169	107 242
Fourth quarter	89,144	82 543
	$ 420,120	$ 374 692
Net income per share		
First quarter	$ .69	$ 61
Second quarter	1.00	89
Third quarter	.99	87
Fourth quarter	.72	66
	$3.40	$3 03

9. Industry Segment and Geographic Data. The industry segment and geographic data for 1979 and 1978 presented on pages 36 and 37 are an integral part of these financial statements.

Report of Independent Accountants

Board of Directors and Stockholders
The Coca-Cola Company
Atlanta, Georgia

We have examined the consolidated balance sheets of The Coca-Cola Company and subsidiaries as of December 31, 1979 and 1978, and the related consolidated statements of income, retained earnings and changes in financial position for the years then ended. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the consolidated financial position of The Coca-Cola Company and subsidiaries at December 31, 1979 and 1978, and the consolidated results of their operations and changes in their financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

Ernst & Whinney

Atlanta, Georgia
February 25, 1980

Report of Management — 1979

Management is responsible for the preparation and integrity of the consolidated financial statements appearing in this annual report. The financial statements were prepared in conformity with generally accepted accounting principles appropriate in the circumstances and accordingly include some amounts based on management's best judgements and estimates. Other financial information in this annual report is consistent with that in the financial statements.

Management is responsible for maintaining a system of internal accounting controls and procedures to provide reasonable assurance, at an appropriate cost/benefit relationship, that assets are safeguarded and that transactions are authorized, recorded and reported properly. The internal accounting control system is augmented by a program of internal audits and appropriate reviews by management, written policies and guidelines, careful selection and training of qualified personnel and a written Code of Business Conduct applicable to all employees of the Company and its subsidiaries.

The Audit Committee of the Board of Directors, composed solely of Directors who are not officers of the Company, meets with the independent accountants, management and internal auditors periodically to discuss internal accounting controls, auditing and financial reporting matters. The Committee reviews with the independent accountants the scope and results of the audit effort. The Committee also meets with the independent accountants without management present to ensure that the independent accountants have free access to the Committee.

The independent accountants are recommended by the Audit Committee of the Board of Directors, selected by the Board of Directors and ratified by the stockholders. They are engaged to examine the financial statements of The Coca-Cola Company and subsidiaries and conduct such tests and related procedures as they deem necessary in conformity with generally accepted auditing standards. The opinion of the independent accountants, based upon their examination of the consolidated financial statements, is contained in this annual report.

J. Paul Austin
Chairman, Board of Directors and
Chief Executive Officer

John K. Collings Jr.
Executive Vice President and
Chief Financial Officer

February 25, 1980

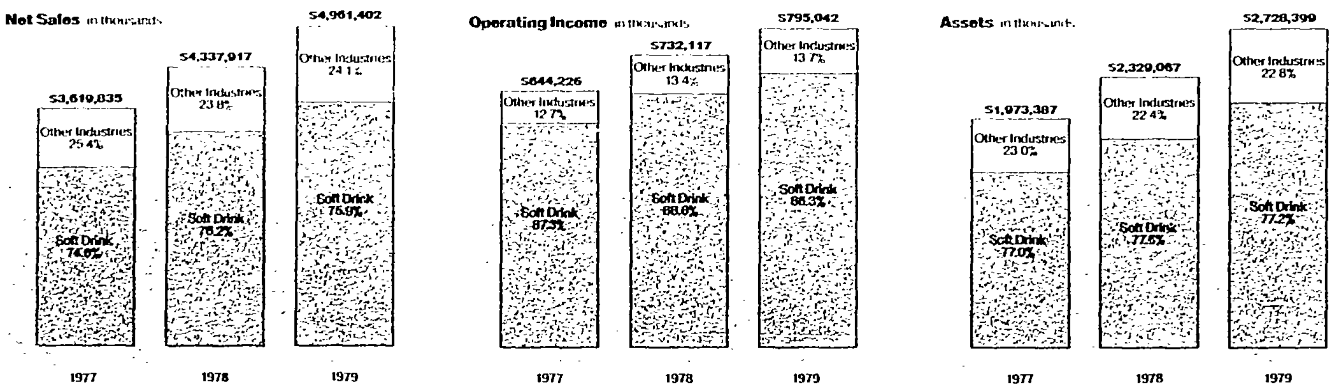
Industry Segments

The Company operates principally in the soft drink industry. Citrus, coffee, tea, wine, water treatment equipment, heating equipment and plastic film products are included in other industries. Intersegment transfers are not material. Information concerning operations in different industries is as follows (in thousands):

	YEAR ENDED DECEMBER 31,		
	1979	1978	1977*
Net sales:			
Soft drinks	**$3,764,704**	$3,306,205	$2,701,741
Other industries	**1,196,698**	1,031,712	918,094
Total net sales	**$4,961,402**	$4,337,917	$3,619,835
Operating income from industry segments:			
Soft drinks	**$ 686,283**	$ 633,651	$ 562,154
Other industries	**108,759**	98,466	82,072
Total from industry segments	**795,042**	732,117	644,226
Other income, net of other deductions	**(2,568)**	559	4,759
General expenses	**(50,282)**	(41,280)	(34,085)
Income before income taxes	**$ 742,192**	$ 691,396	$ 614,900
Identifiable assets at year-end:			
Soft drinks	**$2,106,451**	$1,806,914	$1,518,820
Other industries	**621,948**	522,153	454,567
Total by industry segments	**2,728,399**	2,329,067	1,973,387
Corporate assets (principally marketable securities and fixed assets)	**209,642**	253,742	281,103
Total assets at year-end	**$2,938,041**	$2,582,809	$2,254,490
Capital expenditures by industry segments:			
Soft drinks	**$ 294,946**	$ 241,670	$ 187,235
Other industries	**48,527**	31,879	52,063
Depreciation and amortization by industry segments:			
Soft drinks	**$ 88,786**	$ 75,803	$ 65,381
Other industries	**22,087**	17,492	16,395

*Restated to include the operations of Presto Products, Incorporated, on a pooling of interests basis.

Note: Soft drink products accounted for 77% of total sales in 1976 and 79% in 1975. Soft drink products accounted for 87% of total operating income from industry segments in both 1976 and 1975.



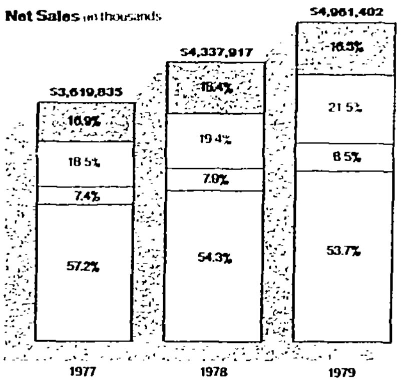
1977—1978—1979 Data by Industry Segment Soft Drink Other Industries

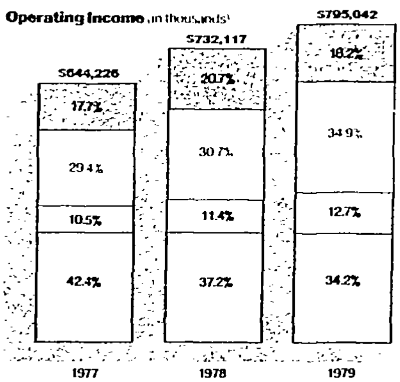
Operations in Geographic Areas

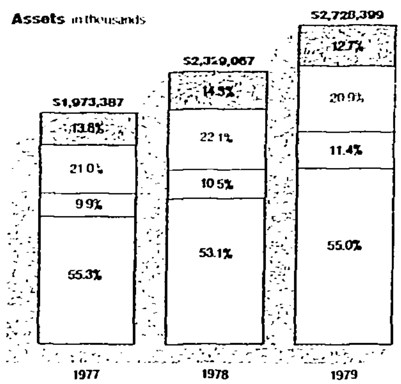
Information about the Company's operations in different geographic areas is presented below (in thousands). Neither Africa nor Canada are significant geographic areas, as defined by FASB 14; therefore, these areas have been grouped in accordance with the Company's management organizational structure. Inter-company transfers between geographic areas are not material.

	YEAR ENDED DECEMBER 31		
	1979	1978	1977*
Net sales			
United States and Puerto Rico	$2,662,472	$2,354,624	$2,068,453
Latin America	422,259	341,169	269,540
Europe and Africa	1,065,492	841,936	668,730
Canada and Pacific	811,179	800,188	613,112
Total net sales	$4,961,402	$4,337,917	$3,619,835
Operating income from geographic areas			
United States and Puerto Rico	$ 272,132	$ 271,950	$ 273,292
Latin America	101,091	83,743	67,258
Europe and Africa	277,356	224,570	189,435
Canada and Pacific	144,463	151,854	114,241
Total from geographic areas	795,042	732,117	644,226
Other income, net of other deductions	(2,568)	559	4,759
General expenses	(50,282)	(41,280)	(34,085)
Income before income taxes	$ 742,192	$ 691,396	$ 614,900
Identifiable assets at year-end			
United States and Puerto Rico	$1,499,945	$1,236,057	$1,090,334
Latin America	311,018	244,090	196,325
Europe and Africa	571,749	515,344	413,783
Canada and Pacific	345,687	333,576	272,945
Total by geographic areas	2,728,399	2,329,067	1,973,387
Corporate assets (principally marketable securities and fixed assets)	209,642	253,742	281,103
Total assets at year-end	$2,938,041	$2,582,809	$2,254,490

*Restated to include the operations of Presto Products, Incorporated, on a pooling of interests basis.







1977 — 1978 — 1979 Data by Geographic Area United States and Puerto Rico Latin America Europe and Africa Canada and Pacific

Supplemental Information on the Effects of Changing Prices (Unaudited)

Basis of Preparation: As required by the Financial Accounting Standards Board (FASB) Statement No 33. "Financial Reporting and Changing Prices." the Company must provide supplemental information concerning the effects of changing prices on its financial statements The disclosures are intended to address the effect of increasing general price levels on the purchasing power of the dollar (called "general inflation"). Information adjusted for general inflation is presented in this report. as measured by the Consumer Price Index—Urban (CPI-U).

Partial Application: The information presented on changing prices does not reflect a comprehensive application of inflation accounting. The FASB focused on those items most affected by changing prices. namely: (1) the effect of general inflation on inventories and properties resulting in increased cost of goods sold and depreciation expense. and (2) the effect of general inflation on monetary assets and liabilities.

Statement of Income: The accompanying supplemental statement of income presents income and expense data under two measurement methods. These are:

a. As Reported in the Primary Financial Statements — These amounts are income and expenses as reported in the primary financial statements on the historical cost basis of accounting.
b. Adjusted for General Inflation — Amounts adjusted for general inflation represent the historical amount of income and expenses stated in dollars of the same (constant) general purchasing power as measured by the average level of the CPI-U. Under this measurement method historical amounts of depreciation expense and cost of goods sold valued on the average method are adjusted to reflect the change in the level of the CPI-U that has occurred since the date the related inventories and properties were acquired. The amounts of revenues and other costs and expenses. including the portion of cost of goods sold valued under the LIFO method. already approximate average 1979 constant dollars and generally remain unchanged from those amounts presented in the primary financial statements.

Income Taxes: The provision for taxes on income is the same as that reported in the primary financial statements Present tax laws do not allow deductions for higher depreciation adjustments for the effects of inflation Thus. taxes are levied on the Company at rates which. in real terms exceed established statutory rates.

Purchasing Power Gain from Holding Net Monetary Liabilities During the Year: The purchasing power gain from holding net monetary liabilities has been calculated based on the Company s average monetary assets less average monetary liabilities for the year multiplied by the change in the CPI-U for the year. When prices are increasing. the holding of monetary assets. such as cash. marketable securities. and accounts receivable. results in a loss of general purchasing power. Similarly. monetary liabilities such as accounts payable. accruals. and debt result in a gain of general purchasing power because the liabilities will eventually be settled with dollars of diminished purchasing power This gain does not represent an increase in funds available for distribution to stockholders

Five Year Comparison of Selected Financial Data: All amounts in the five-year comparison are stated in average 1979 constant dollars Each past year's data have been adjusted upward by a factor representing subsequent general inflation. so as to express them in terms of purchasing power comparable to 1979 dollars.

As described above. the determination of net assets reflects a partial application of the inflation accounting methods. Other assets of $253.000.000 consisting primarily of goodwill. miscellaneous investments and prepaid expenses have not been adjusted for general inflation

Management Comments on Data Adjusted for General Inflation: Management believes it is clear that high rates of inflation significantly erode the purchasing power of corporate earnings and raise the effective tax rates on industry. However. it should be recognized that current methods to quantify these effects are still experimental in nature and the adjustments for general inflation. based on the U S. Consumer Price Index — Urban. may not accurately reflect the effects of inflation on either domestic or foreign operations of the Company. It is the belief of Management that the historical cost basis financial statements provide more meaningful information about the Company.

Current Cost Data: The Company's annual report on Form 10-K to the Securities and Exchange Commission (a copy of which is available upon request) contains specific information with respect to 1979 current cost of inventories and productive capacity (Property, Plant and Equipment), and the approximate effect which current cost would have had on cost of sales and depreciation expense for 1979. In accordance with the FASB pronouncement the Company will include current cost data in its annual reports beginning in 1980.

Statements of Income Adjusted for Changing Prices (In thousands except per share data)

YEAR ENDED DECEMBER 31, 1979	As Reported in the Primary Financial Statements	Adjusted for General Inflation
Net sales	$4,961,402	$4,961,402
Cost of goods sold (excluding depreciation)	2,733,621	2,773,027
Depreciation and amortization	114,151	154,275
Other operating expenses	1,393,525	1,393,525
Net of other income and deductions	(22,087)	(22,087)
	4,219,210	4,298,740
Income before income taxes	742,192	662,662
Provision for taxes on income	322,072	322,072
Net income	$ 420,120	$ 340,590
Net income per share	$ 3.40	$ 2.76
Effective income tax rate	43.4%	48.6%
Purchasing power gain from holding net monetary liabilities during the year		$ 20,740

Five-Year Comparison of Selected Supplemental Financial Data Adjusted for Effects of Changing Prices

(In Average 1979 Dollars)

	YEAR ENDED DECEMBER 31,				
	1979	1978	1977	1976	1975
	(In thousands except per share data)				
Net sales	**$4,961,402**	$4,826,322	$4,335,825	$4,011,391	$4,018,055
Cash dividends declared per common share (*)	**1.96**	1.94	1.84	1.69	1.55
Market price per common share at year-end (*)	**32.67**	47.01	43.52	49.27	53.76
Average Consumer Price Index — Urban used in developing these data	**217.4**	195.4	181.5	170.5	161.2
Net assets at year-end	**$2,377,186**				

The actual market price of the common stock of The Coca-Cola Company at December 31, for the years 1975 to 1979 (adjusted for stock split) was $41.125, $39.50, $37.25, $43.875 and $34.50, respectively.

(*) Adjusted for 1977 stock split.

Other Information

The Coca-Cola Company continues its commitment to Equal Employment Opportunity in all of its policies regarding recruitment, hiring, transfers, promotions, compensation, benefits, training, layoff and recall practices. These are administered without regard to race, color, religion, sex, age or national origin. To implement its policy of Equal Employment Opportunity, the Company has developed an Affirmative Action Plan, administered by the Manager of EEO.

During 1979, the representation of minority group members in the total workforce of The Coca-Cola Company and its divisions in the United States remained stable. The number of minority professionals increased by 57% and now represent 14% of the professional workforce compared to 10% in 1978. The number of salaried minority sales workers also increased by 51% bringing the overall minority white collar representation to 14%. The minority representation in blue collar positions remained stable with the most significant progress shown in skilled craft positions of which minorities now hold 22.4%.

The number of women in management increased by 43% during 1979. The primary emphasis, however, was on placing women in those professional and sales positions which are the training ground for future managers. The number of women in sales increased 2.4% over the 1978 figures.

Women now comprise 30% of The Coca-Cola Company's professional workforce, and also are represented in less traditional fields such as engineering and science. Steady increases also were shown in blue-collar jobs, particularly in skilled positions where women now represent 3.4% of the craft workforce.

Automatic Dividend Reinvestment Plan

An increasing number of the more than 80.000 stockholders of The Coca-Cola Company are participants in the Company s Automatic Dividend Reinvestment Plan This plan is a convenient and economical way by which stockholders may increase their holdings in The Coca-Cola Company. Under the plan. dividends due participating stockholders are deposited directly with the Trust Company Bank which. as administrator. combines the purchases of all participating stockholders to give each the economies of large-scale purchases. The cost of purchasing The Coca-Cola Company stock through the plan is less than the usual broker commission for small transactions In addition. a service fee is payable to the administrator for such services

For more information on the Automatic Dividend Reinvestment Plan. stockholders may write:

Trust Company Bank
Corporate Trust Department
P.O Box 4625
Atlanta. GA 30302

Annual Meeting

The Coca-Cola Company Annual Meeting of Stockholders will be held May 5 1980 at 10:00 A M at 100 West Tenth Street Wilmington Delaware Formal notice of the meeting together with the proxy statement will be mailed to each stockholder

Form 10-K

A copy of the Company's 1979 Annual Report on Form 10-K. filed with the Securities and Exchange Commission. is available to any stockholder of The Coca-Cola Company at no charge upon request. Address requests to the Chief Financial Officer. The Coca-Cola Company, P.O. Drawer 1734. Atlanta, GA 30301.

Dividend Disbursing Agent

Trust Company Bank
Corporate Trust Department
P.O. Box 4625
Atlanta. GA 30302

Transfer Agents/Registrars

Trust Company Bank
Corporate Trust Department
P.O. Box 4625
Atlanta. GA 30302

Morgan Guaranty Trust
Company of New York
Stock Transfer Department
30 West Broadway
New York. NY 10015